

COMMON SENSE

A Simple Plan for Financial Independence

by Art Williams

Get Started Now

Pay Yourself First

Use Time & Consistency

Establish An Emergency Fund

Buy The Right Life Insurance

Minimize Taxes With An IRA

Bypass The Middleman

Invest With Professional Management

Start A Family Tradition

Develop A Winning Attitude

NEW!
Fourth Edition

COMMON SENSE

I believe that almost everyone has basic common sense. Common sense is simply the ability to make the right decision. But in order to make the right decision, you need **all the facts**. Once you have them, your common sense will tell you what to do.

The problems come when you act on impulse or emotion. When you don't get all the facts before making a decision, many times these decisions turn out to be wrong.

What I want to do in this book is to give you **all the facts** about how you can become financially free. Then, I believe your common sense will tell you what is right for you and your family.

COMMON SENSE

A Simple Plan for Financial Independence

by Art Williams

REVISED — FOURTH EDITION

- Over 9 million copies currently in print
- Now selling over 250,000 per month
- Available in Spanish language edition
- Soon to be available in Canadian edition
- Requested for use in over 9 foreign countries
- Used as a text for economics, business and insurance courses in colleges and high schools throughout the U.S.
- Requested for use by financial institutions, CPA fraternal organizations and Federal government agencies
- Requested by over 3,000 viewers following Art Williams appearance on "The 700 Club" television program

To my wife, Angela

The most special person I've ever
known, my inspiration, and the
greatest joy of my life.

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DO YOU CONSIDER YOURSELF AN "AVERAGE AMERICAN?"

Then take a look at these statistics:

- **THE AVERAGE AMERICAN SAVES LESS THAN ANYONE IN THE WORLD.** In 1983, we saved 4.8% of our disposable income, compared to 14.4% by the West Germans, 15.5% by the French and 20% by the Japanese.
- **MOST AMERICANS WILL RETIRE IN POVERTY.** According to a recent Census Bureau survey, 87% of Americans 65 or older were living on a meager income of less than \$10,000 a year.¹
- **IF YOU DIED TODAY, CHANCES ARE YOUR FAMILY WOULD BE PROTECTED FOR LESS THAN A YEAR.** Statistics show that the "average" family carries death protection of \$17,384. In 1983, the average death claim paid was only \$5,878!²

Alarming? Yes, very. But this very minute you're probably about to dismiss these scary figures as "not applicable" to your personal situation. Are you sure? Didn't you just agree that you were an "average American?" Before you turn the page and forget it, think seriously about your financial progress. Forget your plans for a moment. What have you actually **done** to prevent being a statistic?

I'm quoting these statistics, not to scare you, but to point out dramatically that most Americans are making some serious financial mistakes. Remember, the thousands of individuals who make up those statistics didn't think it could happen to **them**.

No one intends to let his goals of security and financial freedom slide. It just happens. Most people make the same basic financial mistakes:

1. LACK OF PLANNING.
2. LACK OF KNOWLEDGE ABOUT THE WAY SAVINGS AND PROTECTION VEHICLES WORK.
3. DEPENDENCE ON "SOMEONE ELSE" TO BE RESPONSIBLE FOR THEIR FINANCIAL FUTURE (BANKERS, BROKERS, INSURANCE AGENTS, ACCOUNTANTS, ETC.).
4. PROCRASTINATION.

Enough about the problems. This is a book about **solutions**, about how to make your money work for you. In this book, I want to show you how to avoid these mistakes and how to get started **now** on the road to total financial independence. If you follow the simple plan outlined here, you'll never become one of the "statistics."

Let's get started!

MY OWN STORY — AND WHY I'M INTERESTED IN YOUR FUTURE

I became interested in investments and insurance completely by accident. I was coaching football and teaching in Columbus, Georgia. At a PTA meeting, I met a manager for a financial services group who believed in term insurance plus investments as a way to build financial security.

Our meeting seemed destined because my accountant-cousin had talked to me about the same philosophy only a few weeks before. I had personal reasons for being interested. My father had died suddenly and tragically of a heart attack at age 48. My family was devastated. There were three children: I was in college, one brother was in high school and another brother was in the sixth grade. My mother spent the next 13 years struggling to raise her boys. My dad had too little life insurance, no will, little savings and no retirement program.

When my cousin explained to me that the purpose of life insurance was protection only, and that I could have \$100,000 of term insurance for the same money I was paying for \$15,000 of whole life insurance, I was stunned. I thought I was protecting my family in the best way that I could.

I was skeptical, so I went to the library in Columbus to research it. As an educator, I wanted to find the answer, and knew that consumer organizations could help. I found *Consumer Reports*, *Changing Times* and a great book, *What's Wrong With Your Life Insurance?* All of these publications confirmed what my cousin had told me. This revelation excited me so much that I began to talk to others about it. In most cases, I found their financial programs were disasters, just like mine and my dad's.

The man I met at the PTA meeting offered me a job selling with his company. I didn't want to be a life insurance salesman, but I felt that I would not be selling people "just another insurance policy." I wanted to provide my friends a chance to do what I had just learned to do — take the same money they were spending and get more value for it. I wanted to help them with investments, savings and taxes — their whole financial program.

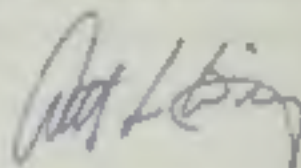
I was "fired up." I worked quickly to get my insurance and securities licenses. I wanted to give my clients the same information I used myself to understand financial services. I wanted people to be comfortable with me. I tried not to "talk down" to them as I've had salesmen do to me. I sold what I believed in myself.

Then a funny thing happened. I began to earn more money with my new part-time job than I was earning as athletic director and head football coach. After two and a half years part time, I had accumulated over \$40,000. I decided to make financial planning my full time profession.

I became totally financially independent seven years later. I did this through a combination of efforts in both my business life and personal life. But if someone hadn't opened my eyes to the basics of sound financial planning, I would probably still be struggling today.

Since I accidentally got started in this business, my life has been blessed in a special way. I know what a difference being secure financially has made in my own life, and the life of my family. In the last 16 years, I have had the joy of sharing the promise of financial security with many people. I have counseled with thousands of families in almost every state, and have developed 10 principles into a road map for **total financial independence**. These principles have worked for me personally, and for an amazing number of other families. They can help you, too, to have more financial security and peace of mind.

There's no trick to financial success. It's so simple, if you just take the time to think it over. I hope you'll take that time with this book.



Art Williams

CAN YOU MANAGE YOUR FINANCIAL FUTURE?

A few years ago, I heard about a speech made by a high-powered insurance executive during a seminar. The point of his speech was that the average American family was not smart enough to look at all the options and make intelligent decisions about what they needed—they needed to have someone to tell them. Ridiculous! I believe that **most financial institutions have deliberately complicated a simple business** to confuse the American people so they can sell them high-cost, low-quality products and services.

People of average intelligence, like you and me, can understand financial matters, given the facts.

There are options available, *if you know what they are*, that can minimize your taxes, give you more disposable income and allow for the kind of wise investments that can make you and your family more financially secure, even wealthy.

You do have options.

What You Need Is a Plan.

My experience has shown me that planning and investing for your future is nothing but a simple mathematical problem, like $2 + 2 = 4$, and a math problem has only one answer. I want to give you that answer.

The key to financial independence is not necessarily having a lot of money to invest (most of us don't); it's not necessarily being in the right place at the right time. There are no tricks and gimmicks. Luck is not necessary. And you certainly don't have to be a financial genius.

Planning is the first step.

All you need is a plan. Planning is the first step to taking control of your financial future. It doesn't take a genius to figure out that you can't reach a destination without a road map. You have to have a plan. It should be flexible, but firm, and (this is important) you must stick to it!

Stick to the Fundamentals.

Planning isn't difficult if you stick to the fundamentals. When I coached football, I believed that the fundamentals were the key to victory. No matter how smart, talented or sophisticated you were, you won by out-blocking, out-tackling and being in better physical

condition than your opponent. After fourteen years in the financial planning business, I believe that fundamentals are the key to financial victory, as well.

Remember that old saying, "Watch your pennies and your dollars will take care of themselves?" It's still true.

The fundamentals of financial independence are so simple, so obvious. People spend their whole lives looking for a better way, a "get rich quick" scheme, only to find out after it's too late that if they had done the little things, the obvious things, *the fundamentals*, they would be in great shape.

My Plan Has 10 Basic Principles:

GETTING STARTED

1. Get Started Now.
2. Pay Yourself First.
3. Use Time & Consistency.
4. Establish an Emergency Fund.
5. Buy the Right Life Insurance.

MOVING FORWARD

6. Minimize Taxes with an IRA.
7. Bypass the Middleman.
8. Invest with Professional Management.

EXTRA HELPS

9. Start a Family Tradition.
10. Develop a Winning Attitude.

It works! And I hope it helps you become totally free of financial worries.

GET STARTED NOW

PRINCIPLE #1

WHERE WILL I GET THE MONEY?

Problem: *Most people have too much money tied up at the end of the month. They don't have extra income to invest for the future. The present is tough enough.*

Solution: *No matter what your income, you can find money to save. It's a matter of redefining your income and priorities.*

Whenever I talk to people about beginning a build-it-yourself freedom fund, very few respond positively. Holding your own real estate is a great idea, but my family doesn't have any extra money to invest each month. We do well as a family business, our heads above water. You're probably thinking the same thing right now. Even families with above-average incomes are finding it tough to push inflation and the tax bite.

But don't give up so easily. If you're serious about building financial security, you already have the resources to start a fund. Your present income, what you get today, are earning NOW the real funds for investment.

Let's look at some options:

1. **PAY YOURSELF FIRST.** This is one of the most important concepts in this book, and an experience I hope is repeated a lot later. Before paying yourself, you must be willing to sell and your family before any other demand of your money. Invest a set amount EACH AND EVERY MONTH no matter how small. No matter what other man or dog tells you, it's always how you manage your money, without having to save a set amount regularly at a good rate of return.
2. **ADJUST YOUR PRIORITIES.** If you're like most people, you spend money on things that you don't really need or you don't really manage. The money you do have you just spend as expenses come up. Don't fret and about ones we need to take a little more time to develop a management attitude about your spending habits, but a self-control about the way you go about your spending.

Take charge of your money

Budget for success

Probably the best way to determine just how far you can stretch your budgeting. The money you will spend in certain items and sticking to that you can make a wonderful report on where your money goes.

[illegible]

I promise you that by the month you'll have a real car
owner's club. You'll be amazed how fast the kids are growing up.

Let's take an easy example

Suppose you and your family attend a Little League baseball game once a week. Let's say you have two children. It costs \$1.00 for the ticket if you sit out at the game. At four games a month that's \$4.00. During the entire Little League season, say 3 months you'll spend \$12.00. If you spend \$12 of those dollars in groceries during that period to make sandwiches at home and carry them into the game you'd have \$1.00 more that could be invested for your future! And you haven't depressed yourself of anything!

You see how you can be making the most of what you have today. You can have a steady income. There are a lot of ways to get into it. It's not a lot of money, but it's a lot of money for building financial security.

After you've done this exercise, sit at the table and set down what your family's needs are, and then prepare a rough budget of how you can afford to live. Allow yourself a little leeway and put a dollar amount limit on what you will spend for each. Having a dollar figure in mind before you go shopping can ensure you spend less for more than you need and

The main purpose of a budget is that it gives you control of your own money. You actually *own* your money, which means you decide where and when money can be put to good use. I don't want to give you a false sense of the feeling that you are in control of our money rather than your activities and expenses controlling you.

You can't have everything

1. ADJUST YOUR LIFESTYLE Along with the art of giving, you must also know the matter of priorities. And living with set top priorities means accepting the fact that you can't have everything. It's no way to achieve financial independence, so you have to make sacrifices for a period of time.

April - He likes a nice solid looking new car
you need and what you can afford - you might need
second car but you might want a Cadillac

I would like to see a copy of the book in the
 my library. I have a copy of the book in the
 my library. I have a copy of the book in the
 my library. I have a copy of the book in the

Don't buy on time

Agreement. When you request the maximum amount allowed in any IRAs year, or deduct the maximum from your taxable income, either is saving money you would normally pay to the IRS.

15. AVOID THE CREDIT TRAP. Credit cards are good for emergencies. But be careful — as is the common phrase — as a money trap. Every charge at the end of each month adds up. Otherwise, you pay 18% or more finance charges. Most banks now charge 20% or more. The side award — whether used or not. Be careful. Others said I was just saying “change it,” but you’ll have to pay up sooner or later.

Installment loans are another area of caution. It's tempting to buy something you need on credit — say, a car. If you're not in the loan, then a mess of things has happened — it may even be broken — damaged, sold, repaired, sold, out of money and pay cash instead — it's the only way to win!

If it purchases the car, a sure of it, others say, your money and pay cash instead. If you buy a car on credit, you're buying a new way to get paid for it. The car is a loan — as it is possible and paid for as soon as it's due. But you can up your credit rating with steps like not having insurance, downing on automobile insurance.

Now get the money option — the Act of 1980, it was a page ago, with a new law, but you can't get it. It's a new money to start on our path to financial freedom. But these are the facts. You can do it. You can get a loan and pay it back.

Coming up with money now when we talk about plan. We're already on our way. Let me remind you again of some. Any money for the future — when we see a few more and get by. Let's be in a better place. Hang in there. Then it's your money. Take control of your future.

WHERE DO I GET THE MONEY TO INVEST?



PAY YOURSELF FIRST

PRINCIPLE #2

Problem I have only a few months' income before I have anything left to save.

Solution I pay myself a few months' income before I have anything left to spend. I pay myself first 10% of my income.

Why Is Paying Yourself First So Important?

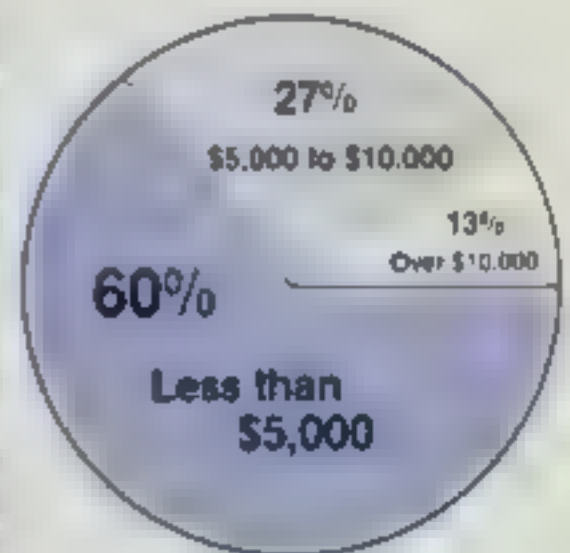
Many people who never learned budgeting often are broke every 15 months. The sad part is that we are only just getting started in the situation of retired people in America.

Look at the facts. According to the U.S. Census Bureau, Survey most people are not getting enough income to live decently and retire with dignity.

The Social Security Administration estimates that 40 million people will be over 65 by the year 2000. The U.S. Census Bureau reports that less than \$3,000 a month is the average income for \$100 million of the population who are over 65. How can you live on that? How can you live on that if you are not working now? What happens?

How much more money will you need to live decently in the world?

Let's look at the average. Originally, the Social Security System was set up to pay a worker's monthly retired wage. But the average wage has risen so fast that the average retired wage is likely to go even lower!



1935



1955



1983

PRINCIPLE #3

USE TIME
& CONSISTENCY

If you are not saving and do not have a lot of money you have to make a lot of money. To really acquire a substantial sum of money requires only two things:

1. TIME

THE DISCIPLINE TO CONSISTENTLY WORK TOWARD A GOAL

We've all got to live. And to live is to live some way, as soon as we set our sights on a goal that can be attained.

Chances are, you can't average ten times what you've acquired \$1,000 saving 10% for 10 years is a nice first step toward a good start. With the right working elements — time and consistency — that first \$1,000 is more than you think.

I used to think that the interest rate on an investment was pretty simple — you invest your money at X and get X in return. Then if your investment returned 10% it would be X times two. Right?

WRONG. That's when someone showed me a compound interest table and explained the magic of compounding interest.

\$1,000 • Lump Sum Investment (invested one time only)

	10 Years	20 Years	30 Years	40 Years	50 Years	60 Years	70 Years
5% •	\$2,653	\$4,121	\$7,039	\$11,167	\$18,679	\$30,426	\$49,426
10% •	6,727	17,449	45,259	117,390	304,481	789,717	2,000,000

As you see, the difference between the two amounts over the amount of time that you maintain a consistent savings program makes a big difference, too.

TIME IS ON YOUR SIDE

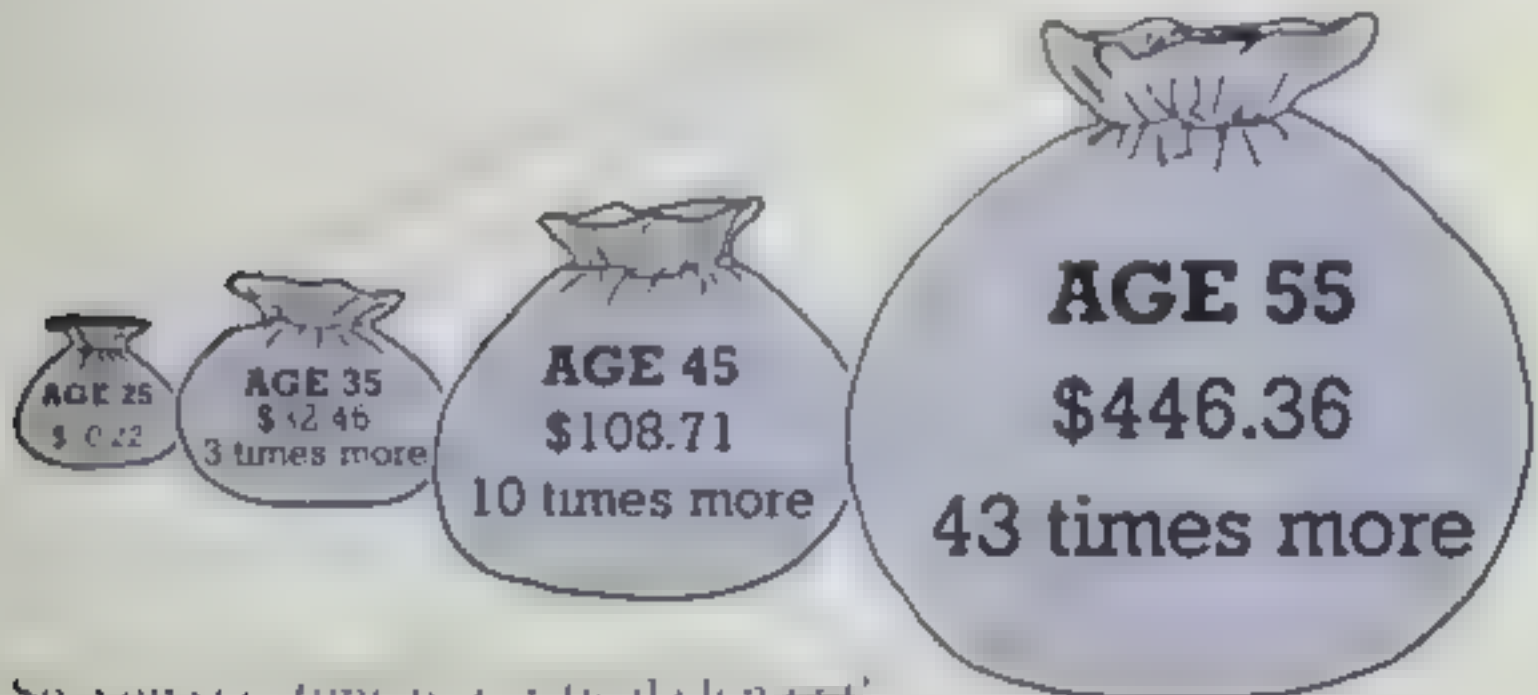
Problem It's too late to start saving money for retirement

Solution *Things are different when you start saving money if you start investing soon enough. Let time work for you.*

The magic of time is that it allows you to reach your goals by saving a small amount each month. As people get older, they have less time to reach their goals. The key is to start to create this plan.

Suppose you are 25 and have a goal of \$100,000 at age 65. You could accomplish this by saving \$1.50 per month at 12%. I know it seems amazingly small. And it's also true that anyone can manage to save \$1.50 per month, no matter what their salary is. The goal is to reach the goal - \$100,000 at age 65 - and the only way to do that is to start saving now.

GOAL
\$100,000 at Age 65
(@ 12% Interest)*



So, you see, time is a critical element!

It may seem like a financial trade-off, but you have no idea how much more you will have if you start saving now. One thing is certain: you can't afford the high cost of waiting.

How Money Works - The Price of Waiting

Begin Saving:	Age 25	Total at Age 65	Cost to Wait
	Age 26	\$2,985,116	\$12,111
	Age 30	\$116,858	178,658

Let's look at how much money you can save if you wait. If you start saving at age 26, you will have \$12,111 less at age 65 than if you start at age 25. If you wait until age 30, you will have \$178,658 less at age 65 than if you start at age 25. The longer you wait, the more you lose.

Time + \$ Amount Lead to Success

If you save \$10/month beginning now, at an annual rate of 12%, then:

at the end of	20 Years	30 Years	40 Years	50 Years	60 Years	70 Years
you will have saved +	\$30,198	\$10,802	\$37,030	\$106,198	\$253,866	\$2,963,806

BEGIN WITH A LUMP SUM

Let's now add a lump sum payment to the \$10/month. If you start with a lump sum of \$120 today, you will have \$120 more at the end of 20 years. If you start with a lump sum of \$120 today, you will have \$120 more at the end of 20 years. If you start with a lump sum of \$120 today, you will have \$120 more at the end of 20 years.

If you save \$120 today in addition to the \$10/month, at 12%, then:

at the end of	20 Years	30 Years	40 Years	50 Years	60 Years	70 Years
you will have saved +	\$30,198	\$11,401	\$109,096	\$311,078	\$1,061,578	\$1,298,342

By starting with a lump sum payment of \$120 in your account and systematically adding to it, you come up with \$1,298,342. Your \$120 will in effect turn into \$311,536 in seventy years.

THE MAGIC OF COMPOUND INTEREST

Problem *Most people think a few extra per cent doesn't matter when I don't amount to much money*

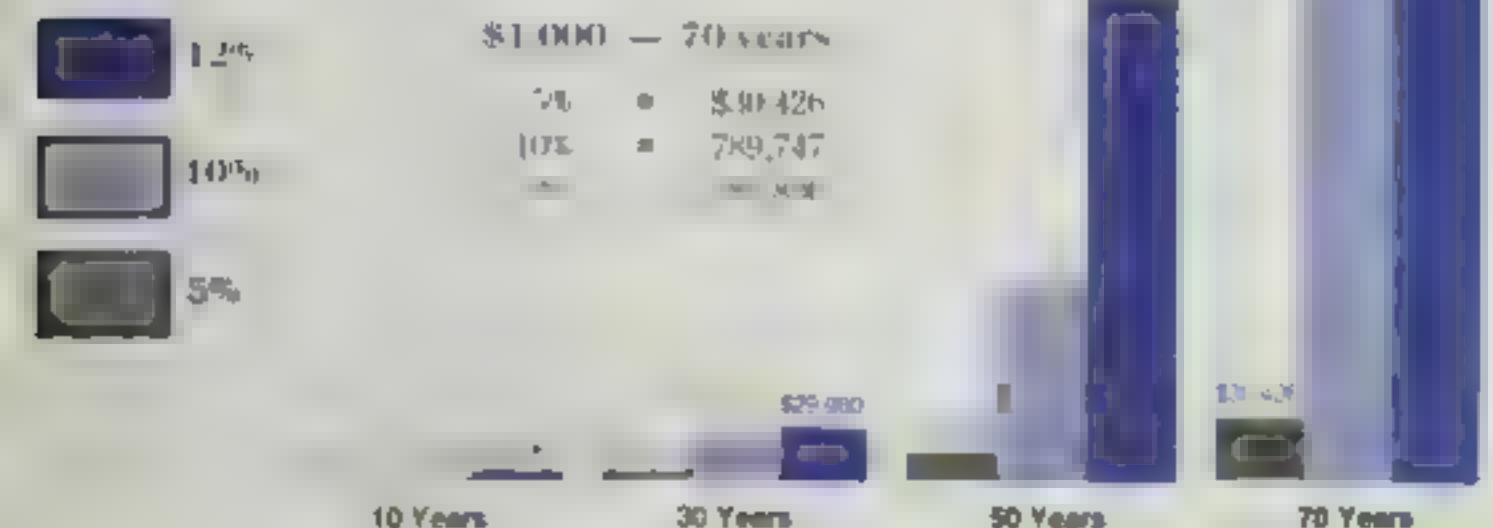
Solution *Just one or two per cent of interest compounded at a number of years can be the difference in thousands and tens thousands of additional dollars for you*

That's the magic that works... it just works. By using the compound interest rate, your money grows at a high rate and it becomes amazing how much money you can have with compound interest.

Take a look

The chart below shows what happens when you start with \$1,000 at three different interest rates. You can see what a difference a low additional percentage point can make long term in the growth of your money!

The Magic of Compound Interest LUMP SUM OF \$1,000 (one time only investment)*



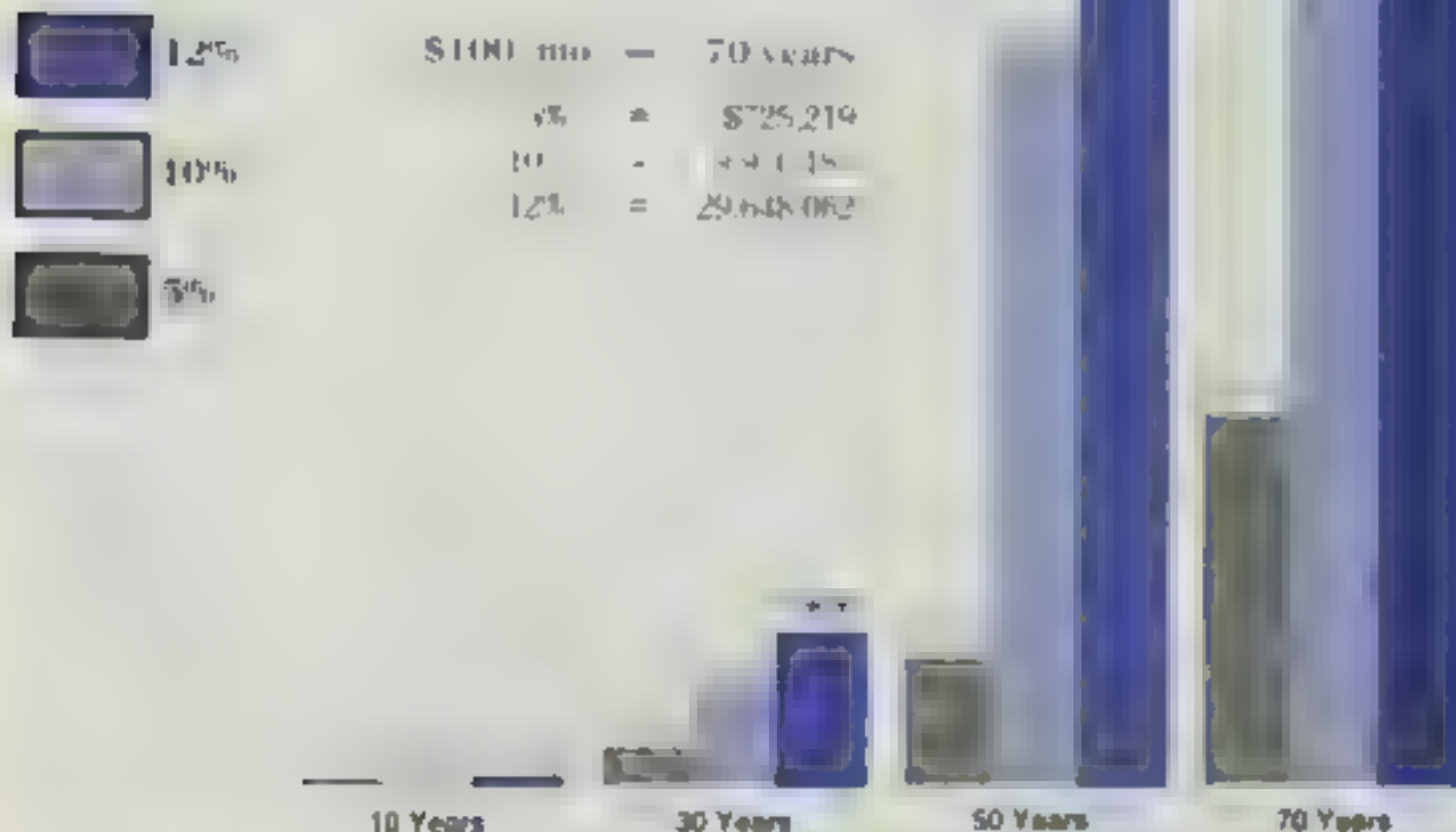
Looking at his progress in saving money, I saw my money was really starting to grow. After 10 years, he was saving a considerable amount. After 20 years, his compounding was really working its magic. The hard part was getting him to make a few percentage points of interest, an extra 1% or 2% a year, by earning the interest on his savings. The difference was the key.

I found that the best way to do this was to do it the old way with monthly investments.

This chart shows what happens when you invest \$100 a month for 70 years at different interest rates. As you can see, the difference in the amount of money you end up with at a 10% rate is not that big, but as you go up to 12%, the difference is huge. It's a real eye opener on how important it is to get a few percentage points of interest can be.

The Magic of Compound Interest \$100/MONTH

(\$100 Month put in at first of month)*



As you can see, the difference in the amount of money you end up with at a 10% rate is not that big, but as you go up to 12%, the difference is huge. It's a real eye opener on how important it is to get a few percentage points of interest can be.

*This chart is based on the assumption of a constant interest rate of 10% per year, compounded annually.

RULE OF "72"

Another important concept in understanding the magic of compound interest is the **Rule of "72"**. Your money will double at an exact point by dividing 72 by the % of interest.

$$72 \div 1\% \text{ interest} = 72 \text{ years}$$

$$72 \div 3\% \text{ interest} = 24 \text{ years}$$

$$72 \div 6\% \text{ interest} = 12 \text{ years}$$

$$72 \div 9\% \text{ interest} = 8 \text{ years}$$

$$72 \div 12\% \text{ interest} = 6 \text{ years}$$

$$72 \div 15\% \text{ interest} = 4.8 \text{ years (5 years)}$$

Let's invest only \$5.00 each month and see how important it is for you to get a little bit higher return on your investment. The following graph compares what .5% more interest will do for you.**

\$5/month
compounded annually

Interest Rates

Years	1	2	3	4	5	6
10	\$5.52	\$6.09	\$6.69	\$7.31	\$7.96	\$8.64
20	\$6.10	\$6.75	\$7.43	\$8.13	\$8.86	\$9.62
30	\$6.70	\$7.43	\$8.19	\$8.97	\$9.78	\$10.62
40	\$7.32	\$8.13	\$8.97	\$9.83	\$10.72	\$11.64
50	\$7.96	\$8.86	\$9.78	\$10.72	\$11.69	\$12.69
60	\$8.64	\$9.62	\$10.62	\$11.64	\$12.69	\$13.77
70	\$9.35	\$10.42	\$11.52	\$12.64	\$13.77	\$14.92
80	\$10.09	\$11.24	\$12.41	\$13.61	\$14.82	\$16.05
90	\$10.86	\$12.09	\$13.33	\$14.60	\$15.89	\$17.20
100	\$11.66	\$12.97	\$14.27	\$15.56	\$16.86	\$18.38
110	\$12.49	\$13.88	\$15.19	\$16.50	\$17.81	\$19.58
120	\$13.34	\$14.82	\$16.15	\$17.48	\$18.84	\$20.80
130	\$14.21	\$15.79	\$17.15	\$18.48	\$19.90	\$22.04
140	\$15.10	\$16.79	\$18.17	\$19.51	\$21.00	\$23.30
150	\$16.01	\$17.81	\$19.22	\$20.57	\$22.13	\$24.58
160	\$16.94	\$18.86	\$20.31	\$21.66	\$23.29	\$25.88
170	\$17.89	\$19.93	\$21.43	\$22.78	\$24.48	\$27.20
180	\$18.86	\$21.03	\$22.58	\$23.93	\$25.70	\$28.54
190	\$19.85	\$22.15	\$23.76	\$25.11	\$26.95	\$29.90
200	\$20.86	\$23.29	\$24.97	\$26.32	\$28.23	\$31.28
210	\$21.89	\$24.45	\$26.21	\$27.56	\$29.54	\$32.68
220	\$22.94	\$25.63	\$27.48	\$28.83	\$30.88	\$34.10
230	\$24.01	\$26.83	\$28.78	\$30.13	\$32.25	\$35.54
240	\$25.10	\$28.05	\$30.11	\$31.46	\$33.65	\$37.00
250	\$26.21	\$29.29	\$31.47	\$32.82	\$35.08	\$38.48
260	\$27.34	\$30.55	\$32.86	\$34.21	\$36.54	\$39.98
270	\$28.49	\$31.83	\$34.28	\$35.63	\$38.03	\$41.50
280	\$29.66	\$33.13	\$35.73	\$37.08	\$39.55	\$43.04
290	\$30.85	\$34.45	\$37.21	\$38.56	\$41.10	\$44.60
300	\$32.06	\$35.79	\$38.72	\$40.07	\$42.68	\$46.18
310	\$33.29	\$37.15	\$40.26	\$41.61	\$44.29	\$47.78
320	\$34.54	\$38.53	\$41.83	\$43.18	\$45.93	\$49.40
330	\$35.81	\$39.93	\$43.43	\$44.78	\$47.60	\$51.04
340	\$37.10	\$41.35	\$45.06	\$46.41	\$49.30	\$52.70
350	\$38.41	\$42.79	\$46.72	\$48.07	\$51.03	\$54.38
360	\$39.74	\$44.25	\$48.41	\$49.76	\$52.79	\$56.08
370	\$41.09	\$45.73	\$50.13	\$51.48	\$54.58	\$57.80
380	\$42.46	\$47.23	\$51.88	\$53.23	\$56.40	\$59.54
390	\$43.85	\$48.75	\$53.66	\$55.01	\$58.25	\$61.30
400	\$45.26	\$50.29	\$55.47	\$56.82	\$60.13	\$63.08
410	\$46.69	\$51.85	\$57.31	\$58.66	\$62.04	\$64.88
420	\$48.14	\$53.43	\$59.18	\$60.53	\$64.00	\$66.70
430	\$49.61	\$55.03	\$61.08	\$62.43	\$66.00	\$68.54
440	\$51.10	\$56.65	\$63.01	\$64.36	\$68.03	\$70.40
450	\$52.61	\$58.29	\$64.97	\$66.32	\$70.10	\$72.28
460	\$54.14	\$59.95	\$66.96	\$68.31	\$72.20	\$74.18
470	\$55.69	\$61.63	\$68.98	\$70.33	\$74.33	\$76.10
480	\$57.26	\$63.33	\$71.03	\$72.38	\$76.49	\$78.04
490	\$58.85	\$65.05	\$73.11	\$74.46	\$78.68	\$80.00
500	\$60.46	\$66.79	\$75.22	\$76.57	\$80.90	\$82.00
510	\$62.09	\$68.55	\$77.36	\$78.71	\$83.15	\$84.02
520	\$63.74	\$70.33	\$79.53	\$80.88	\$85.43	\$86.06
530	\$65.41	\$72.13	\$81.73	\$83.08	\$87.74	\$88.12
540	\$67.10	\$73.95	\$83.96	\$85.31	\$90.08	\$90.20
550	\$68.81	\$75.79	\$86.22	\$87.57	\$92.45	\$92.30
560	\$70.54	\$77.65	\$88.51	\$89.86	\$94.85	\$94.42
570	\$72.29	\$79.53	\$90.83	\$92.18	\$97.28	\$96.56
580	\$74.06	\$81.43	\$93.18	\$94.53	\$99.74	\$98.72
590	\$75.85	\$83.35	\$95.56	\$96.91	\$102.23	\$100.90
600	\$77.66	\$85.29	\$97.97	\$99.32	\$104.75	\$103.10
610	\$79.49	\$87.25	\$100.41	\$101.76	\$107.30	\$105.32
620	\$81.34	\$89.23	\$102.88	\$104.23	\$109.87	\$107.56
630	\$83.21	\$91.23	\$105.38	\$106.73	\$112.47	\$109.82
640	\$85.10	\$93.25	\$107.91	\$109.26	\$115.10	\$112.10
650	\$87.01	\$95.29	\$110.47	\$111.82	\$117.75	\$114.40
660	\$88.94	\$97.35	\$113.06	\$114.41	\$120.43	\$116.72
670	\$90.89	\$99.43	\$115.68	\$117.03	\$123.14	\$119.06
680	\$92.86	\$101.53	\$118.33	\$119.68	\$125.88	\$121.42
690	\$94.85	\$103.65	\$121.01	\$122.36	\$128.65	\$123.80
700	\$96.86	\$105.79	\$123.72	\$125.07	\$131.45	\$126.20
710	\$98.89	\$107.95	\$126.46	\$127.81	\$134.28	\$128.62
720	\$100.94	\$110.13	\$129.23	\$130.58	\$137.14	\$131.06
730	\$103.01	\$112.33	\$132.03	\$133.38	\$140.03	\$133.52
740	\$105.10	\$114.55	\$134.86	\$136.21	\$142.95	\$136.00
750	\$107.21	\$116.79	\$137.72	\$139.07	\$145.90	\$138.50
760	\$109.34	\$119.05	\$140.61	\$141.96	\$148.88	\$141.02
770	\$111.49	\$121.33	\$143.53	\$144.88	\$151.89	\$143.56
780	\$113.66	\$123.63	\$146.48	\$147.83	\$154.93	\$146.12
790	\$115.85	\$125.95	\$149.46	\$150.81	\$158.00	\$148.70
800	\$118.06	\$128.29	\$152.47	\$153.82	\$161.10	\$151.30
810	\$120.29	\$130.65	\$155.51	\$156.86	\$164.23	\$153.92
820	\$122.54	\$133.03	\$158.58	\$159.93	\$167.39	\$156.56
830	\$124.81	\$135.43	\$161.68	\$163.03	\$170.58	\$159.22
840	\$127.10	\$137.85	\$164.81	\$166.16	\$173.80	\$161.90
850	\$129.41	\$140.29	\$167.97	\$169.32	\$177.05	\$164.60
860	\$131.74	\$142.75	\$171.16	\$172.51	\$180.33	\$167.32
870	\$134.09	\$145.23	\$174.38	\$175.73	\$183.64	\$170.06
880	\$136.46	\$147.73	\$177.63	\$178.98	\$186.98	\$172.82
890	\$138.85	\$150.25	\$180.91	\$182.26	\$190.35	\$175.60
900	\$141.26	\$152.79	\$184.22	\$185.57	\$193.75	\$178.40
910	\$143.69	\$155.35	\$187.56	\$188.91	\$197.18	\$181.22
920	\$146.14	\$157.93	\$190.93	\$192.28	\$200.64	\$184.06
930	\$148.61	\$160.53	\$194.33	\$195.68	\$204.13	\$186.92
940	\$151.10	\$163.15	\$197.76	\$199.11	\$207.65	\$189.80
950	\$153.61	\$165.79	\$201.22	\$202.57	\$211.20	\$192.70
960	\$156.14	\$168.45	\$204.71	\$206.06	\$214.78	\$195.62
970	\$158.69	\$171.13	\$208.23	\$209.58	\$218.39	\$198.56
980	\$161.26	\$173.83	\$211.78	\$213.13	\$222.03	\$201.52
990	\$163.85	\$176.55	\$215.36	\$216.71	\$225.70	\$204.50
1000	\$166.46	\$179.29	\$218.97	\$220.32	\$229.40	\$207.50

The Magic of Compound Interest is truly amazing.

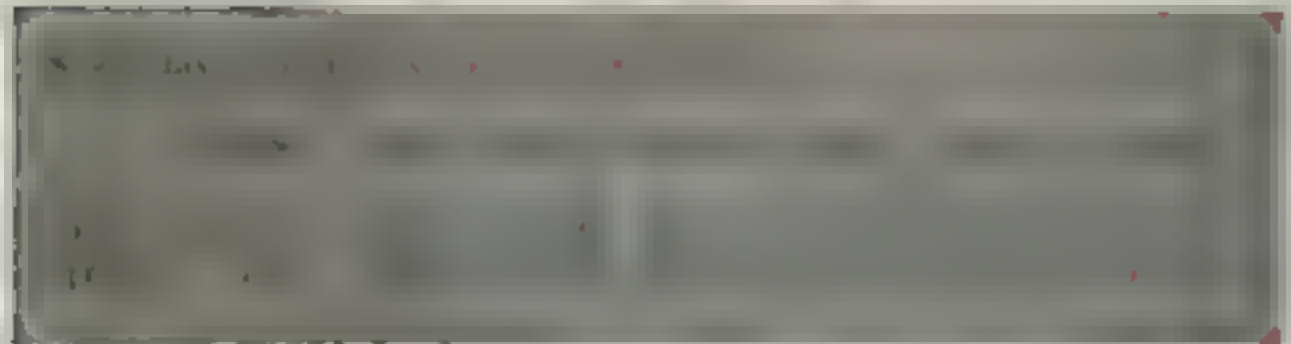
* If you had deposited \$1,000 and earned 1% interest it should have grown to \$1,100 in exactly 10 years.

** The numbers in this graph are rounded to the nearest cent. The actual numbers may vary slightly due to rounding.

IT DOESN'T TAKE MUCH

You don't need hours of time to make a habit. You just need a few minutes. And you can do it in a way that doesn't take much time.

NO. 1 → If you invest the money used to purchase your afternoon soft drink



NO. 2 → If you quit smoking cigarettes



NO. 3 — If you save \$1 a day:

\$1 day (a 5 days week) = \$20 a month			
Year	Week	Month	Year
1	100	200	1000
2	200	400	2000
3	300	600	3000
4	400	800	4000
5	500	1000	5000
6	600	1200	6000
7	700	1400	7000
8	800	1600	8000
9	900	1800	9000
10	1000	2000	10000

You see, it doesn't take a lot of money to begin cashing in on the magic of compound interest — it truly is amazing!

CONSISTENCY MAKES THE DIFFERENCE

Problem: Most people don't plan to quit, they fail to plan.

Solution: *Invest on a Regular Monthly Basis*

Invest on a Regular Monthly Basis

To develop a successful savings and investment program, you must decide what you want to accomplish financially, then decide how you want to do it.

1. ESTABLISH A GOAL

2. DECIDE UPON A PLAN

Set down with your spouse and other family members and decide what you want to achieve. What are your goals? A home, college education for your children, travels are a personal thing and everyone has different goals and priorities. The important thing is to have

Above all, save regularly.

your own family's goals clearly set out so that you'll have a clear view of what you're working for.

One warning: Don't forget retirement. I know it seems like a "let me away" plus it doesn't seem as exciting a goal to work toward as a new house or travel plans. But—headache—time flies—is true, and retirement time will come around whether you plan for it or not. Be smart. Retirement planning should be one of everybody's goals.

After you've set your goals, decide upon a plan to achieve them. Determine how much you can afford to save and whether you will do it weekly, monthly or whatever. Refer back to the chart of page 14 to see how your money will grow over a period of time. Do what suits you best — but do it **regularly**.

ESTABLISH AN EMERGENCY FUND

PRINCIPLE #4

Problem If f_0, f_1, \dots, f_{n-1} are functions from A to B , then the function $f = [f_0, f_1, \dots, f_{n-1}]$ maps A to B^n .
If f_0, f_1, \dots, f_{n-1} are functions from A to B , then the function $f = [f_0, f_1, \dots, f_{n-1}]$ maps A to B^n .
If f_0, f_1, \dots, f_{n-1} are functions from A to B , then the function $f = [f_0, f_1, \dots, f_{n-1}]$ maps A to B^n .

Solution: $W = 2,000$; $Y = 4,500$; $W + Y = 6,500$; $0.15(6,500) = 975$; $6,500 - 975 = 5,525$.
Three months' income set aside in an emergency fund

Air charges: 150.00
 Insurance: 100.00
 Fuel: 100.00
 Maintenance: 100.00
 Total: 450.00

STEP #1 SAVE THREE MONTHS' INCOME FOR EMERGENCIES

[illegible]

STEP #2 REMEMBER THE MEANING OF EMERGENCY

1. 紧急基金 (emergency fund)
 2. 紧急基金 (emergency fund)
 3. 紧急基金 (emergency fund)
 4. 紧急基金 (emergency fund)
 5. 紧急基金 (emergency fund)
 6. 紧急基金 (emergency fund)
 7. 紧急基金 (emergency fund)
 8. 紧急基金 (emergency fund)
 9. 紧急基金 (emergency fund)
 10. 紧急基金 (emergency fund)

budget of other expenses is \$1,200. The car will cost \$1,500. Your budget is \$2,000. Do you have a budget?

Save three months' income

Emergency Funds 'Dangerously Low'

A recent study by Purdue University concluded that in 1981 77% of a family had less than two months of gross household income in checking and savings.

definitely not your "emergency" fund. It's just a long-term investment instrument.

If money is very tight, some people use part-time jobs as a means of building up their emergency fund. Making a quick withdrawal from the fund to pay for an unexpected expense is a sure way to lose the fund's earning power.

STOCKS ARE NOT THE ANSWER AT ALL IN EMERGENCY MONEY

There's a good reason why you shouldn't use stocks as your emergency fund. The stock market is too volatile to provide the steady return that your emergency fund needs. It just won't work for your emergency fund.

Consider Money Market Funds

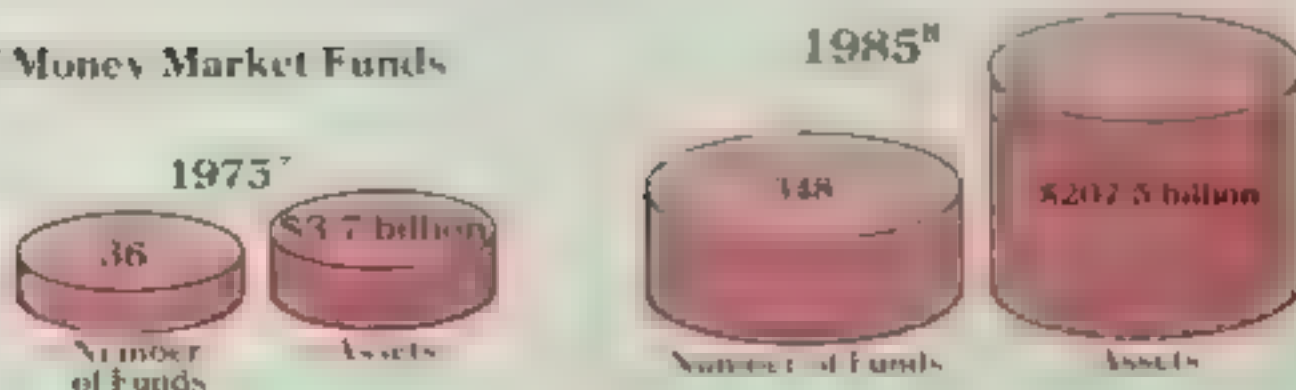
Money market funds have grown in popularity since the early 1970s. They are a safe way to work.

They provide a steady return on your investment, and they are very liquid. You can withdraw your money at any time without penalty. They are also very safe, as they invest in high-quality, short-term securities.

Money market funds are a good way to keep your emergency fund safe and growing. They are a good choice for anyone who wants a safe, steady return on their investment. The privilege should be used only when necessary.

They are a good way to keep your emergency fund safe and growing. They are a good choice for anyone who wants a safe, steady return on their investment. The privilege should be used only when necessary.

Growth of Money Market Funds



Today, money market accounts are offered by many savings and loan associations, banks and brokerage firms. Some are even insured by the FDIC and FSLIC, agencies of the federal government.

I recommend money market funds as the best short-term, high-return investment instrument that provide easy access to your money. However, savings plans at banks, savings and loans and credit unions will work, too. Just be sure to avoid the type of savings certificates that tie up your money for 12 years.

Another caution: don't confuse money market funds with money funds, a long-term investment vehicle that we'll talk about in Principle #8.

Remember, the main goal of an emergency fund is PROTECTION. Its purpose is to provide a cushion against unforeseen problems and disasters. We started how it established and built up your emergency fund. But soon you'll need to determine how you'll be able to convert it into your long-range financial plan—and be sure you'll be able to see big exits. Any hat with a name is a gamble.

An emergency fund means protection.

Your emergency fund can out cover major crises such as major medical problems, serious auto and home accidents, and fire. These catastrophes must be provided for in other ways, such as home owners, health, and auto insurance.

PRINCIPLE #5

BUY THE RIGHT LIFE INSURANCE

Problem Most people do not understand enough to insurance products to know how to buy enough and of the right type.

Solution Buy only term insurance, which is so cheap, it can afford to meet the difference.

One of the most important expenditures the average family makes is to insure the person who is the breadwinner. If a family member dies, the family must have a way to make the right decisions about the husband's dependent children's education.

What's Its Purpose?

Why life insurance?

First, you must understand the purpose of life insurance. It is a protection against premature death. Life insurance does not insure life so much as it protects your dependents from the loss of financial support. Usually, you will eventually acquire through savings and investments a substantial fund to provide for protection.

What Are You Paying For?

Second, you must understand what you are paying to protect. Most people earn from \$40,000 to \$60,000 during their lifetime. Example: an average of \$50,000 per year \times 40 years = \$2,000,000. If he loses that earning power, that makes life insurance a necessity. Life insurance is a substitute for the cash and other wealth that your family would accumulate if the breadwinner were living.

What Should You Buy?

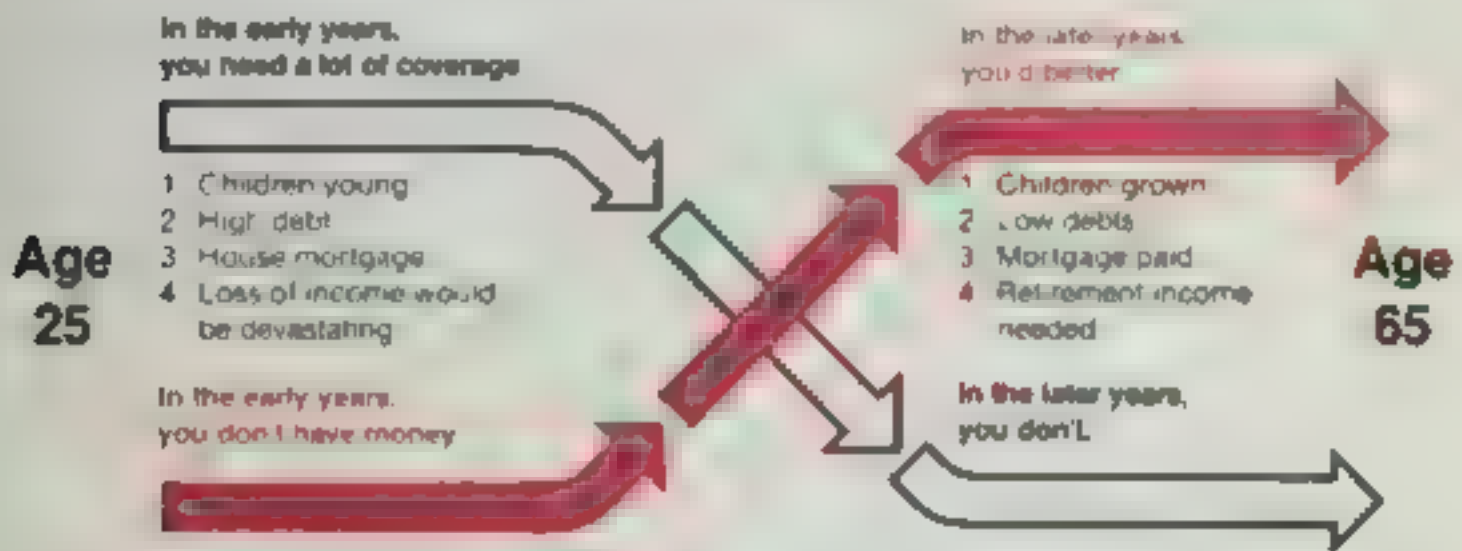
Third, you must understand what kind you should buy. I recommend inexpensive term life insurance only.

The most common misconception about life insurance is that it is a permanent need that each family has. This is totally untrue. Life insurance is a way to buy time and you get your personal finances in order. You need more coverage when you're young, less when you're older.

The basic concept behind my beliefs about term insurance protection is a simple theory with a long name: the Theory of Decreasing Responsibility. It simply means that your need for insurance is greater when your responsibilities are greater — i.e. when your children are young, you have a mortgage, children, and so forth. As a grow-older, your responsibilities decrease — children are grown and on their own, and repayments are reduced — which means paid for. This is the time that you need very little death protection in the form of insurance, and should rely instead on accumulated cash for your retirement years.

The Theory of Decreasing Responsibility

The Theory of Decreasing Responsibility illustrates how sound a term insurance is as a wise insurance choice. You buy low cost, high coverage term in your early years, and — in a very big difference — between the low of term and whole life insurance in a promising investment program. As you grow older, your insurance coverage decreases and — if you're not saving hopefully — increase.



Remember Your Goal

Your starting goal is — because I suggest by agents — to enter Life insurance protection your family — not to get a bad investment and financial security. Term insurance is my opinion best — is that temporary need.

THE THREE "NEVERS" OF BUYING LIFE INSURANCE

There are three basic mistakes that too many people make when considering life insurance. In my years of counseling people about financial strategy, I've developed what I call my three NEVERS for life insurance buyers.

"I think it's a rip-off to sell cash value life insurance. The insurance industry loaded cash value life insurance with more of your premium dollars to invest for them."

...term insurance is the wave of the future, and the nation's consumers will be the real beneficiaries.

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NEVER #1 NEVER BUY WHOLE LIFE INSURANCE INCLUDING UNIVERSAL LIFE

NEVER #2 NEVER BUY LIFE INSURANCE WITH A CASH VALUE INVESTMENT

NEVER #3 NEVER BUY LIFE INSURANCE WITH A CASH DIVIDEND PAYS DIVIDEND

"NEVER" #1:

Never Buy Any Kind of "Cash Value" or Whole Life Insurance Including Universal Life

I believe that the main reason for buying life insurance is to protect your family against the death of the breadwinner. This death benefit is the most important part of your policy. Some policies have other features including cash value benefit, loan rights, withdrawal options or surrender options. If you give up some or all of the death benefit. But if you die, no matter how much you pay, your life insurance only pays the death benefit.

The tables on the following page will help you compare the coverage for different kinds of insurance offered by several companies. I am assuming in these charts that the coverage ends with death in all cases. I am not considering the special features just mentioned. As I happen to write up some of a few death protection coverage. Generally, the term cost of a whole life policy remains level during the term of the policy, whereas the premium of a term policy may increase with age.

When you pay the premium for 20-year level term, annual renewable term, and 5-year renewable and convertible term policies, you pay for death protection only. The other policies can earn benefits like cash value in addition to death protection. The cash value increases through the years, and may be borrowed against or used to pay premiums on the policy. But you pay extra for these benefits.

That is why when buying life insurance, you should be sure to get the most information and the best representation. Term insurance is the best insurance for the same value of money.

20-Year Premiums For Life Insurance Male, Age 35; Death Benefit — \$250,000

"The verdict of consumers is likely to make cash value life insurance the good money sharply confine and regulate it."

Policy	Annual Premium	20-Year Total Premium
Term Insurance	\$10.00	\$200.00
Whole Life Insurance	\$25.00	\$500.00
Universal Life Insurance	\$15.00	\$300.00
Variable Life Insurance	\$20.00	\$400.00
Indexed Life Insurance	\$18.00	\$360.00
Hybrid Life Insurance	\$22.00	\$440.00
Modified Life Insurance	\$24.00	\$480.00
Participating Life Insurance	\$26.00	\$520.00
Non-Participating Life Insurance	\$28.00	\$560.00
Preferred Life Insurance	\$30.00	\$600.00
Superior Life Insurance	\$32.00	\$640.00
Elite Life Insurance	\$34.00	\$680.00
Platinum Life Insurance	\$36.00	\$720.00
Gold Life Insurance	\$38.00	\$760.00
Palladium Life Insurance	\$40.00	\$800.00
Crystal Life Insurance	\$42.00	\$840.00
Silver Life Insurance	\$44.00	\$880.00
Obsidian Life Insurance	\$46.00	\$920.00
Amethyst Life Insurance	\$48.00	\$960.00
Emerald Life Insurance	\$50.00	\$1,000.00
Jade Life Insurance	\$52.00	\$1,040.00
Garnet Life Insurance	\$54.00	\$1,080.00
Onyx Life Insurance	\$56.00	\$1,120.00
Opal Life Insurance	\$58.00	\$1,160.00
Peridot Life Insurance	\$60.00	\$1,200.00
Spinel Life Insurance	\$62.00	\$1,240.00
Topaz Life Insurance	\$64.00	\$1,280.00
Zirconium Life Insurance	\$66.00	\$1,320.00
Fluorite Life Insurance	\$68.00	\$1,360.00
Malachite Life Insurance	\$70.00	\$1,400.00
Obsidian Life Insurance	\$72.00	\$1,440.00
Amethyst Life Insurance	\$74.00	\$1,480.00
Emerald Life Insurance	\$76.00	\$1,520.00
Jade Life Insurance	\$78.00	\$1,560.00
Garnet Life Insurance	\$80.00	\$1,600.00
Onyx Life Insurance	\$82.00	\$1,640.00
Opal Life Insurance	\$84.00	\$1,680.00
Peridot Life Insurance	\$86.00	\$1,720.00
Spinel Life Insurance	\$88.00	\$1,760.00
Topaz Life Insurance	\$90.00	\$1,800.00
Zirconium Life Insurance	\$92.00	\$1,840.00
Fluorite Life Insurance	\$94.00	\$1,880.00
Malachite Life Insurance	\$96.00	\$1,920.00
Obsidian Life Insurance	\$98.00	\$1,960.00
Amethyst Life Insurance	\$100.00	\$2,000.00

Source: National Life Insurance Association, 2010

The 20-Year Average Annual Premium Male, Age 35 Death Benefit — \$250,000

Policy	Annual Premium	20-Year Total Premium
Term Insurance	\$10.00	\$200.00
Whole Life Insurance	\$25.00	\$500.00
Universal Life Insurance	\$15.00	\$300.00
Variable Life Insurance	\$20.00	\$400.00
Indexed Life Insurance	\$18.00	\$360.00
Hybrid Life Insurance	\$22.00	\$440.00
Modified Life Insurance	\$24.00	\$480.00
Participating Life Insurance	\$26.00	\$520.00
Non-Participating Life Insurance	\$28.00	\$560.00
Preferred Life Insurance	\$30.00	\$600.00
Superior Life Insurance	\$32.00	\$640.00
Elite Life Insurance	\$34.00	\$680.00
Platinum Life Insurance	\$36.00	\$720.00
Gold Life Insurance	\$38.00	\$760.00
Palladium Life Insurance	\$40.00	\$800.00
Crystal Life Insurance	\$42.00	\$840.00
Silver Life Insurance	\$44.00	\$880.00
Obsidian Life Insurance	\$46.00	\$920.00
Amethyst Life Insurance	\$48.00	\$960.00
Emerald Life Insurance	\$50.00	\$1,000.00
Jade Life Insurance	\$52.00	\$1,040.00
Garnet Life Insurance	\$54.00	\$1,080.00
Onyx Life Insurance	\$56.00	\$1,120.00
Opal Life Insurance	\$58.00	\$1,160.00
Peridot Life Insurance	\$60.00	\$1,200.00
Spinel Life Insurance	\$62.00	\$1,240.00
Topaz Life Insurance	\$64.00	\$1,280.00
Zirconium Life Insurance	\$66.00	\$1,320.00
Fluorite Life Insurance	\$68.00	\$1,360.00
Malachite Life Insurance	\$70.00	\$1,400.00
Obsidian Life Insurance	\$72.00	\$1,440.00
Amethyst Life Insurance	\$74.00	\$1,480.00
Emerald Life Insurance	\$76.00	\$1,520.00
Jade Life Insurance	\$78.00	\$1,560.00
Garnet Life Insurance	\$80.00	\$1,600.00
Onyx Life Insurance	\$82.00	\$1,640.00
Opal Life Insurance	\$84.00	\$1,680.00
Peridot Life Insurance	\$86.00	\$1,720.00
Spinel Life Insurance	\$88.00	\$1,760.00
Topaz Life Insurance	\$90.00	\$1,800.00
Zirconium Life Insurance	\$92.00	\$1,840.00
Fluorite Life Insurance	\$94.00	\$1,880.00
Malachite Life Insurance	\$96.00	\$1,920.00
Obsidian Life Insurance	\$98.00	\$1,960.00
Amethyst Life Insurance	\$100.00	\$2,000.00

Look at the choices...

CHOICE #1 — Cash Surrender Value Life Insurance "The Bundling Concept"

Bundling is the MAJOR FLAW of cash value insurance. With bundling it looks like you are getting a day's worth of both protection and cash value benefit for \$100 a year. By bundling your protection and cash value, you get more than you give — you die only \$100K and less than adequate cash investment, you die

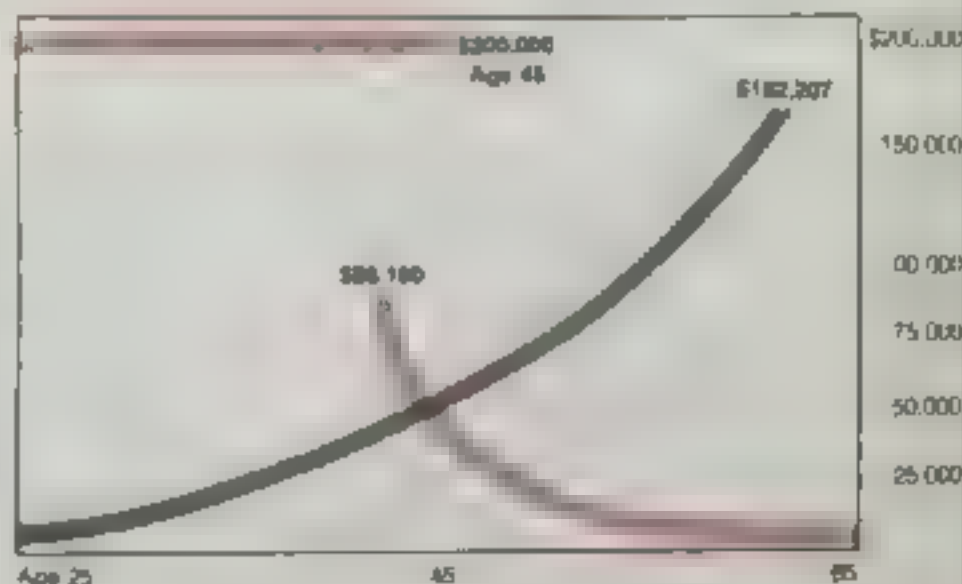
Age		(\$100 Outlay)
25	Protection	\$53,100
	Cash Value	\$1,100
65	Accumulation	\$30,100
	and Cash	



CHOICE #2 — Buy Term and Invest the Difference "A Better Way"

For the same \$100 you buy a term policy and get more protection (you die 10 times more!) AND you can invest the difference (you die 10 times more!). You control both and you get both — protection and cash investment. You get retirement that you'd get by "bundling"

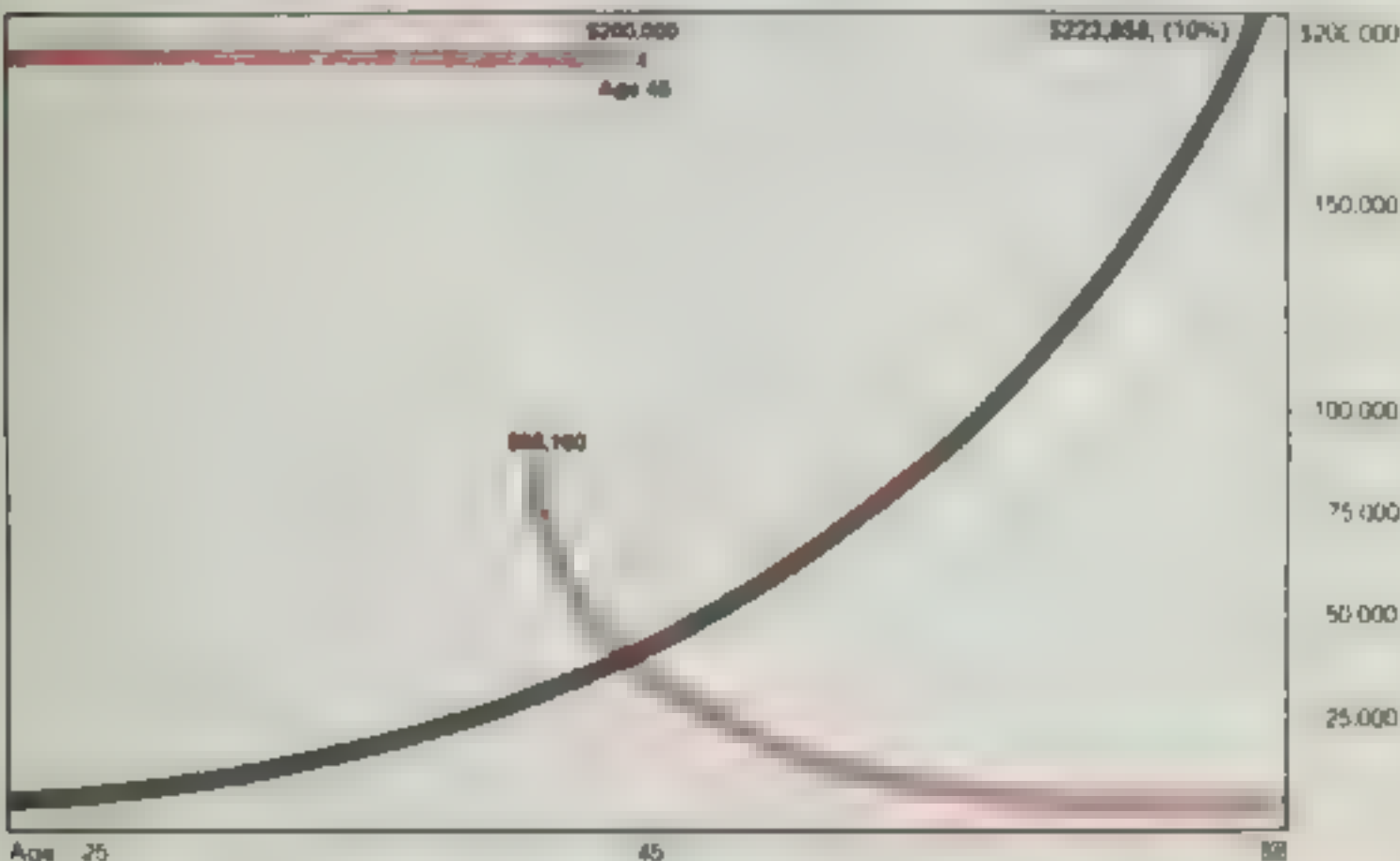
Age		Choice #1 (\$100 Outlay)	Choice #2 (\$100 Outlay)
25	Protection	\$53,100	\$200,000
	Cash Value	\$1,100	\$1,100
65	Accumulation	\$30,100	\$162,307
	and Cash		



THE BEST CONCEPT AVAILABLE TODAY

CHOICE #3 — Buy Term and Invest the Difference in an IRA *"The Best Concept Available Today"*

Enactment of the IRA by Congress was the FINAL NAIL IN THE COFFIN of cash value insurance. No salesperson can compete with the benefits of an IRA. BUT — no insurance policy CAN BE AS GOOD AS AN IRA — including the fact that a cash value policy offers the tax advantages of buy term and invest the difference in an IRA. Therefore, this **WITHOUT A DOUBT** the best concept available in America today.



Age		Choice #1 (1980 Outlay)	Choice #3 (1980 Outlay)
25	Protection	\$50,000	\$200,000
	Protection	\$5,000	\$15,000 Accumulation
65	Accumulation	\$3,000	\$223,858 (10%)

NOTE on Choice #1: 1. Outlay refers to annual premium. Protection refers to face amount of the life insurance policy. Accumulation refers to cash value of the life insurance policy.

Figures used are based on the average whole life premium rates and cash surrender values of 10 of the largest stock life insurance companies quoted in the United States.

Universal Life, Variable Life, Adjustable Life, etc., are all superior forms of Cash Value Life Insurance. But that's not much to brag about. No form of Cash Value Life Insurance can compare with **Buy Term and Invest the Difference in an IRA** — the best concept available to meet the needs of American families today!

Millions of consumers who have purchased their term policies as investments with a 20-year return on their cash value insurance policies will have been almost completely eroded by inflation."

— FTC Staff Report, 1979

"I believe the purchase of pure term insurance and the practice of investing the difference in an IRA is the only way to go for future financial security."

— Arthur M. Brown, *How to Avoid Life Insurance Taxes*

"NEVER" #2 Never Buy Life Insurance as an Investment

Life insurance should NEVER be bought as an investment, savings or tax shelter. There are plenty of sound and potentially rewarding long-range investment opportunities in the marketplace today. Your investment dollars should be focused toward one of those vehicles. Your insurance policy is designed to serve a totally different need.

There are many good reasons NOT to buy life insurance as an investment, but here are a few of the most important:

1. Historically, returns have been low

The Federal Trade Commission Staff Report of July 1979 regarding life insurance policies issued during its period of research states: "The average rate of return paid when a policyholder in 1974 was issued a term policy was a paltry nominal rate of 1.3 percent."

With the passage of time, the rate of return on term policies has continued to decline. In fact, the rate of return on term policies is now negative, losing billions of dollars a year."¹⁰

The bottom line is this: even though the rate of return on policies issued since have declined in 1979 may be somewhat different, none of us can afford to lose money. In the past 10 years, the rate of inflation has made getting a good return on your money a necessity. Most people need every cent they can get just to make ends meet. They can't afford to make a poor investment.

The chart on the next page shows the percent of return you would have received and different types of investments in 1979 as computed by the FTC staff. Note how cash value insurance held for only five years had a return of MINUS 49%, MINUS 44%. You had to have held a cash value policy for 15 years to reach a positive return rate. Some investment!

The chart below shows the extent to which leading sellers of Universal Life policies are actually living up to their promised rates.

Universal Life Policies

Company	Quoted Interest Rate on Accumulation	Rate of Return*		
		5 Years	10 Years	20 Years
Metropolitan Life (Metropolitan Life)	9.50	0.29	5.73	8.19
State Mutual (State Mutual Life)	8.75	2.70	6.45	8.20

For a 40-year-old man, nonsmoker, \$250,000 death benefit and \$2,500 annual premium

*Source: "The Insurance Industry's Performance on Universal Life Policies," by John J. Gorman, Jr., and John J. Gorman, Jr., in *Financial Planning*, Vol. 10, No. 1, p. 10.

What else is there to say? UL is nothing more than a fancier version of the old whole-life "cash value" policy. It's still "bonded" and it's still no way to save money.

3. No cash value product can compete with tax-term and invest the difference in an IRA.

In chapter 6 I'll talk more about the Individual Retirement Plan (IRA) but here I'll simply say that in my opinion the IRA is unbeatable as an investment instrument. There's no doubt in my mind that the IRA is the best investment vehicle available today for Middle Americans, people like you and me, and that no one should invest in anything until they've taken advantage of the IRA.

The chart below shows the difference in cash buildup in several different kinds of insurance policies including Universal Life and the cash buildup in an IRA (cash values do not qualify as an IRA). Do I need to say more?

Excluded
IRA Values at Age
65
\$2,000 Annual
After-Tax Outlay
at 25% Tax Bracket
for 40 Years (Premiums and
Interest Excluded)
\$861,327*

REMEMBER You start with an annual, pre-tax outlay of \$2,000. Then you have two choices:

A) Cash value insurance = \$1,500

If you are in a 25% tax bracket and you invest your \$2,000 in this vehicle, you will have \$1,500 to invest after taxes. You pay \$500 in taxes.

B) IRA = \$2,000

Putting your money in this vehicle gives YOU the total \$2,000 of investment. In a 25% bracket, you save \$500 that would have gone to the IRS.

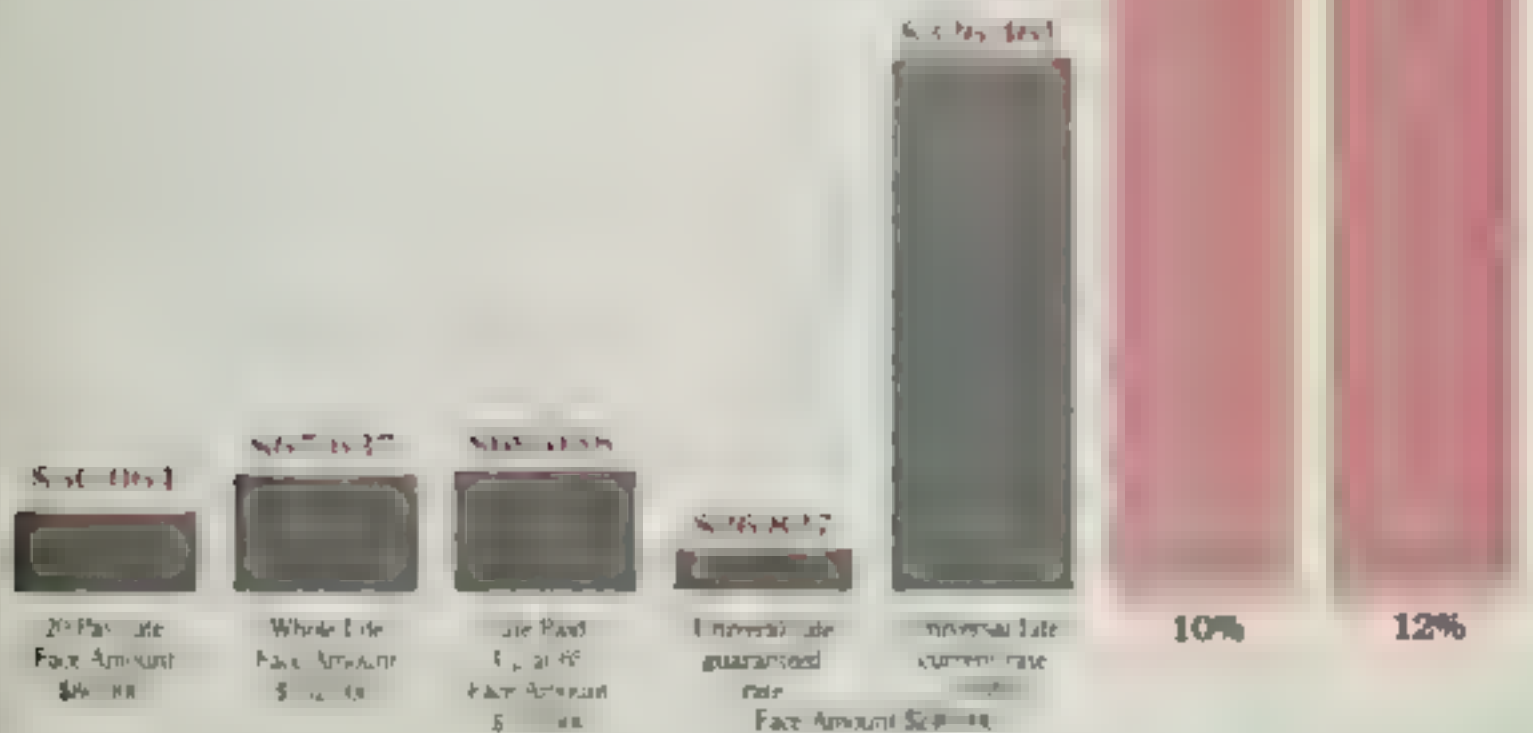
Age 40

Non-smoker Premiums Used When Available

\$1,500 After-Tax Annual Cash Outlay in a 25% Tax Bracket

Cash Values at Age 65

(Premiums also pay for death protection if policy not surrendered.)



4 If you die, you cannot collect your cash values.

Most people who buy life insurance don't realize the consequences of not having a beneficiary named on the policy. If you die, your estate will have to surrender the policy and surrender the cash value. You will not be able to collect the cash value.

For example, if you buy a policy with a face amount of \$200,000 and an immediate cash value of \$50,000 (you don't get the \$200,000 if you die — but they DON'T get the \$50,000).

\$200,000 — Face amount

+ \$50,000 — Cash value = **ONLY \$250,000**
Death benefit

What kind of problem is this? Any serious-minded consumer would ask the agent, "Why would I want to buy a policy with a cash value that I can't collect if I die?"

You know what? In my opinion, the only reasonable answer is "I wouldn't!"

5 You must pay to borrow your cash values.

One of the main selling points of cash accumulation policies is that the policyholder can borrow against these values. What the consumer isn't always told is that you **must** pay interest to borrow this money! Granted, it may be in some cases a lower amount than you would pay at a bank, but it's not free money.

And if you should die before you've paid back this loan, you end up taking out the amount you borrowed (plus interest) from the death benefit your family receives.

For example:

\$50,000 face amount
- \$10,000 Loan
\$40,000 Death benefit

This makes no sense to me and doesn't help at all either. Why pay to borrow money you're paid out a value to die when there is a better way?

"No other product in our economy that is purchased by so many people for so much money is bought with so little understanding of its actual or comparative value."

— F. Lee A. Harrison, Michael Perry
For FTA News, Winter 1999

"NEVER" #3: Never Buy a Life Insurance Policy That Pays Dividends.

In my opinion, buying a life insurance policy that is sold for the poor use of your surplus dollars. Historically, policies that pay dividends have had higher premium rates than non-dividend-paying policies.

Consider what the insurance companies themselves argued in the U.S. Treasury Decision Number 1743.⁴

"Dividends distributed by policies paying no dividends are paid dividends of a shareholder in the form of the excess but are not refunds to the policyholder of a portion of the overcharge collected."

"Most people, we concluded would come off better buying term insurance instead of whole life insurance."

— Consumer Reports, February 1974

The chart below compares the annual premium cost of a whole life policy sold by the same company that pays no dividends with the other does not. The difference in premium cost indicates the additional cost the buyer would have to pay for the

Comparative Annual Whole Life Premiums¹²

(Cost per \$1,000, excluding policy fee)

1. The chart shows the annual premium cost of a whole life policy sold by the same company that pays no dividends with the other does not. The difference in premium cost indicates the additional cost the buyer would have to pay for the

At Whole Life

Age	Company A (No Dividends)	Company B (Pays Dividends)	Difference	% Difference
20	\$ 14.96	\$ 10.48	\$ 4.48	43%
25	16.98	12.96	4.02	37%
30	19.53	14.75	4.78	32%
35	22.83	17.74	5.09	29%
40	27.14	21.60	5.54	26%
45	32.76	26.54	6.22	23%
50	39.17	32.53	6.64	22%
55	49.96	40.80	9.16	22%

Remember

Do not be fooled by a promise of "high dividends!"
(Don't be fooled by a promise of "high dividends!"

RULES FOR BUYING LIFE INSURANCE

1. BUY ONLY LOW COST TERM INSURANCE

The best term insurance is right for average consumers. Average people do not need a policy for your period of insurance—15 or 20 years—make sure you are getting a good buy—many people who purchased on the bait-and-switch recently, offering cheap term for 1 or 2 years. Their costs then skyrocket.

2. BUY ADEQUATE COVERAGE

Buy enough insurance coverage to fully protect your family. A good rule of thumb is to start with \$100,000—cover the breadwinner, the add-on earner, and the breadwinner or each child if he or she is over 18 years of age. Income by eight—give a ballpark figure for minimum coverage needed.

For example: For a family with two children, \$100,000 + \$40,000 + \$40,000 equal \$180,000 on the breadwinner for adequate protection for the family. \$200,000 life insurance would give you an annual benefit of \$2,000 per year for 20 years, assuming that the insurance proceeds earn 10% with annual compounding and that income is payable in lump-sum payments.

3. IF YOU HAVE A SPOUSE, YOU NEED TO BUY INSURANCE ON THE SPOUSE ALSO BUT NOT AS A SEPARATE POLICY.

A policy owner can agree that death of your spouse can be bought very inexpensively as a rider on your policy.

Example

	Amount	First Yr. Premium	Yrs. 1-20 Premium*
Age 30	25,000	20.50	39.25
	50,000	41.00	78.50
	100,000	82.00	157.00
	500,000	410.00	785.00

Never buy a separate policy for the spouse.

4 NEVER BUY A LIFE INSURANCE POLICY ON CHILDREN

then in a enough of the ...

5. STAY AWAY FROM FANCY "OPTIONS"

Thus, under your plan, with no transfer at the time of purchase and no additional income beneficiaries and other interests surviving you, this may indeed be a proper use of the broad power with a possible exception being what if present interest.

Mortgage insurance is nothing but a waste of money. You have a separate mortgage policy. The house policy and the fire insurance should be increased. Get the mortgage to a savings or life bank. The normal rate of interest is about 4 to 5 per cent. And credit the policy and add 10 per cent to your mortgage but a very serious rate of interest is not necessary. You are then usually a guaranty of your own credit and other things.

[illegible]

8. HAVE ONLY ONE INSURANCE POLICY PER FAMILY

$\sum_{j=0}^n \binom{n}{j} x^j = (x+1)^n$

$$\|A\|_{\infty} = \max_{1 \leq i \leq n} \sum_{j=1}^n |a_{ij}| = 4, \quad \|A\|_1 = \max_{1 \leq j \leq n} \sum_{i=1}^n |a_{ij}| = 3, \quad \|A\|_2 = \sqrt{10}.$$

With the \$2 left over you could buy about \$1,400 of term insurance at age 2 and pay a whole year's premiums.

7 IF YOU CAN FIND A NEW INSURANCE POLICY THAT
IS BETTER FOR YOU AND YOUR FAMILY, BUY IT.

[illegible]

$\frac{1}{2} \quad \frac{1}{6} \quad \frac{1}{3} \quad \frac{1}{6}$

STEP 1: Make a list of the companies you are considering.

place on the list the company that you think is the best.

STEP 2: Get a quote from each company. Compare the quotes.

STEP 3: Get a quote from the company you think is the best.

STEP 4: Get a quote from the company you think is the best.

STEP 5: Get a quote from the company you think is the best.

STEP 6: Get a quote from the company you think is the best.

STEP 7: ONLY

STEP 8: ONLY

These rules may seem a little strange, but they will help you to get the most out of your insurance policy. Consider them as a guide, not a rule. You may have to adjust them to fit your own needs.

It is a fact that your decision in choosing an insurance company will affect your family's needs.

WHICH LIFE INSURANCE COMPANY SHOULD YOU USE?

A good life insurance policy should have the following features:

a. Low cost. The company should offer guaranteed rates. Ask the premium rates if the company is guaranteed. Make sure that you can understand not only the way the premium is calculated, but what your premium will be for the whole life of the policy. Premiums should not be subject to an arbitrary increase at a future date.

b. A low average annual premium. Look for the average annual premium for 10 or 20 years. Do not be misled by the first year rate. Some companies offer an extremely low first year rate, but draw a large increase in the future years.

Naturally, you should also look for the lowest possible cost of living expenses around. You will be amazed at how much rate variation exists between companies for the same coverage and protection.

d. Consider a company with a good reputation. The reputation of a company is an important factor in your decision.

MINIMIZE TAXES WITH AN IRA

Every wage earner has a tax problem.

Problem 1. $\lim_{n \rightarrow \infty} \frac{1}{n} \sum_{k=1}^n \frac{1}{k} = \ln 2$

Solution: $t = 0$ sec $\Rightarrow \theta = 0^\circ$, $v = 0$, $a = g \sin \theta = 0$

[illegible]

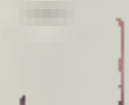
overcome this problem.

1981 tax year, which made it available for everyone who earned money and is younger than 65 years old to contribute to an Individual Retirement Account. I believe that everyone who pays taxes should earmark the first \$2,000 of their long-range investment plan each year for an Individual Retirement Account.

IRA

1. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$
 2. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$
 3. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$

IRS

[illegible]

Choose One of the Above

The IRA then gives you two distinct advantages:

Short term $\frac{1}{2}$ $\frac{1}{4}$ $\frac{1}{8}$ $\frac{1}{16}$ $\frac{1}{32}$ $\frac{1}{64}$ $\frac{1}{128}$ $\frac{1}{256}$ $\frac{1}{512}$ $\frac{1}{1024}$ $\frac{1}{2048}$ $\frac{1}{4096}$ $\frac{1}{8192}$ $\frac{1}{16384}$ $\frac{1}{32768}$ $\frac{1}{65536}$ $\frac{1}{131072}$ $\frac{1}{262144}$ $\frac{1}{524288}$ $\frac{1}{1048576}$ $\frac{1}{2097152}$ $\frac{1}{4194304}$ $\frac{1}{8388608}$ $\frac{1}{16777216}$ $\frac{1}{33554432}$ $\frac{1}{67108864}$ $\frac{1}{134217728}$ $\frac{1}{268435456}$ $\frac{1}{536870912}$ $\frac{1}{1073741824}$ $\frac{1}{2147483648}$ $\frac{1}{4294967296}$ $\frac{1}{8589934592}$ $\frac{1}{17179869184}$ $\frac{1}{34359738368}$ $\frac{1}{68719476736}$ $\frac{1}{137438953472}$ $\frac{1}{274877906944}$ $\frac{1}{549755813888}$ $\frac{1}{1099511627776}$ $\frac{1}{2199023255552}$ $\frac{1}{4398046511104}$ $\frac{1}{8796093022208}$ $\frac{1}{17592186044416}$ $\frac{1}{35184372088832}$ $\frac{1}{70368744177664}$ $\frac{1}{140737488355328}$ $\frac{1}{281474976710656}$ $\frac{1}{562949953421312}$ $\frac{1}{1125899906842624}$ $\frac{1}{2251799813685248}$ $\frac{1}{4503599627370496}$ $\frac{1}{9007199254740992}$ $\frac{1}{18014398509481984}$ $\frac{1}{36028797018963968}$ $\frac{1}{72057594037927936}$ $\frac{1}{144115188075855872}$ $\frac{1}{288230376151711744}$ $\frac{1}{576460752303423488}$ $\frac{1}{1152921504606846976}$ $\frac{1}{2305843009213693952}$ $\frac{1}{4611686018427387904}$ $\frac{1}{9223372036854775808}$ $\frac{1}{18446744073709551616}$ $\frac{1}{36893488147419103232}$ $\frac{1}{73786976294838206464}$ $\frac{1}{147573952589676412928}$ $\frac{1}{295147905179352825856}$ $\frac{1}{590295810358705651712}$ $\frac{1}{1180591620717411303424}$ $\frac{1}{2361183241434822606848}$ $\frac{1}{4722366482869645213696}$ $\frac{1}{9444732965739290427392}$ $\frac{1}{18889465931478580854784}$ $\frac{1}{37778931862957161709568}$ $\frac{1}{75557863725914323419136}$ $\frac{1}{151115727451828646838272}$ $\frac{1}{302231454903657293676544}$ $\frac{1}{604462909807314587353088}$ $\frac{1}{1208925819614629174706176}$ $\frac{1}{2417851639229258349412352}$ $\frac{1}{4835703278458516698824704}$ $\frac{1}{9671406556917033397649408}$ $\frac{1}{19342813113834066795298816}$ $\frac{1}{38685626227668133590597632}$ $\frac{1}{77371252455336267181195264}$ $\frac{1}{154742504910672534362390528}$ $\frac{1}{309485009821345068724781056}$ $\frac{1}{618970019642690137449562112}$ $\frac{1}{1237940039285380274899124224}$ $\frac{1}{2475880078570760549798248448}$ $\frac{1}{4951760157141521099596496896}$ $\frac{1}{9903520314283042199192993792}$ $\frac{1}{19807040628566084398385987584}$ $\frac{1}{39614081257132168796771975168}$ $\frac{1}{79228162514264337593543950336}$ $\frac{1}{158456325028528675187087900672}$ $\frac{1}{316912650057057350374175801344}$ $\frac{1}{633825300114114700748351602688}$ $\frac{1}{1267650600228229401496703205376}$ $\frac{1}{2535301200456458802993406410752}$ $\frac{1}{5070602400912917605986812821504}$ $\frac{1}{10141204801825835211973625643008}$ $\frac{1}{20282409603651670423947251286016}$ $\frac{1}{40564819207303340847894502572032}$ $\frac{1}{81129638414606681695789005144064}$ $\frac{1}{162259276829213363391578010288128}$ $\frac{1}{324518553658426726783156020576256}$ $\frac{1}{649037107316853453566312041152512}$ $\frac{1}{1298074214633706907132624082305024}$ $\frac{1}{2596148429267413814265248164610048}$ $\frac{1}{5192296858534827628530496329220096}$ $\frac{1}{10384593717069655257060992658440192}$ $\frac{1}{20769187434139310514121985316880384}$ $\frac{1}{41538374868278621028243970633760768}$ $\frac{1}{83076749736557242056487941267521536}$ $\frac{1}{166153499473114484112975882535043072}$ $\frac{1}{332306998946228968225951765070086144}$ $\frac{1}{664613997892457936451903530140172288}$ $\frac{1}{1329227995784915872903807060280344576}$ $\frac{1}{2658455991569831745807614120560689152}$ $\frac{1}{5316911983139663491615228241121378304}$ $\frac{1}{10633823966279326983230456482242756608}$ $\frac{1}{21267647932558653966460912964485513216}$ $\frac{1}{42535295865117307932921825928971026432}$ $\frac{1}{85070591730234615865843651857942052864}$ $\frac{1}{170141183460469231731687303715884105728}$ $\frac{1}{340282366920938463463374607431768211456}$ $\frac{1}{680564733841876926926749214863536422912}$ $\frac{1}{1361129467683753853853498429727072845824}$ $\frac{1}{2722258935367507707706996859454145691648}$ $\frac{1}{5444517870735015415413993718908291383296}$ $\frac{1}{10889035741470030830827987437816582766592}$ $\frac{1}{$

Long term - You defer tax on the contributions to the IRA until you begin withdrawing funds during retirement.

an IRA investment versus a non-IRA investment.

183

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1. $\frac{1}{2} \times \frac{1}{3} = \frac{1}{6}$
 2. $\frac{1}{4} \times \frac{1}{5} = \frac{1}{20}$
 3. $\frac{1}{6} \times \frac{1}{7} = \frac{1}{42}$
 4. $\frac{1}{8} \times \frac{1}{9} = \frac{1}{72}$
 5. $\frac{1}{10} \times \frac{1}{11} = \frac{1}{110}$
 6. $\frac{1}{12} \times \frac{1}{13} = \frac{1}{156}$
 7. $\frac{1}{14} \times \frac{1}{15} = \frac{1}{210}$
 8. $\frac{1}{16} \times \frac{1}{17} = \frac{1}{272}$
 9. $\frac{1}{18} \times \frac{1}{19} = \frac{1}{342}$
 10. $\frac{1}{20} \times \frac{1}{21} = \frac{1}{420}$

You save 800 minutes (855 - 155) by starting on D3.

*The above list does not include any other persons or entities who have been identified by the FBI as being involved in the case.

However, the advantages don't stop here. The following graphs illustrate other benefits of investing money in an individual Retirement Account.

Example #1 shows a total contribution of \$8,000 being invested assuming an interest rate of 12% annually for various periods of time. As shown, a year's depositing of an IRA fund years could accumulate \$1,718.285.

IRA Investment¹³

Deposit = \$2,000/ year

Interest Rate = 12% (annual)

Values/end of year¹⁴

10 •	\$39,309
20 •	161,397
30 •	540,585
40 •	1,718.285

Examples #2-5

Example #2 through #5 illustrate the effect of increasing the deposit to \$4,000, \$6,000, and \$8,000 per year. As you can see, the more you deposit, the more you accumulate. At a 12% interest rate, the more you deposit, the more you accumulate. At a 12% interest rate, the more you deposit, the more you accumulate. At a 12% interest rate, the more you deposit, the more you accumulate. —amazing!!!

Non-IRA Investments (based on 12% yield)

Personal Tax Bracket	25%	30%	40%	50%
After-tax Annual Deposit	\$1,500	\$1,400	\$1,200	\$1,000
After-tax Rate	9%	8.4%	7.2%	6%
Accrued Values				
End of Year 10	\$ 24,840	\$ 22,418	\$ 17,942	\$ 13,971
Year 20	\$ 83,646	\$ 72,933	\$ 53,902	\$ 38,932
Year 30	\$222,862	\$185,066	\$ 25,975	\$ 83,801
Year 40	\$552,437	\$436,973	\$2,0426	\$164,347

Yield varies according to the growth rate of the investment. The yield is based on the yield of the investment.

¹⁴These values are subject to change upon distribution.

THE MAGIC OF COMPOUND INTEREST AND AN IRA

The Time Value of Money

Individual A

Example A: Individual A deposits \$2,000 a year for six years, then stops.

Example B: Individual B deposits \$2,000 a year for six years, then opens IRA at 12% interest \$2,000 a year for the next 37 years.

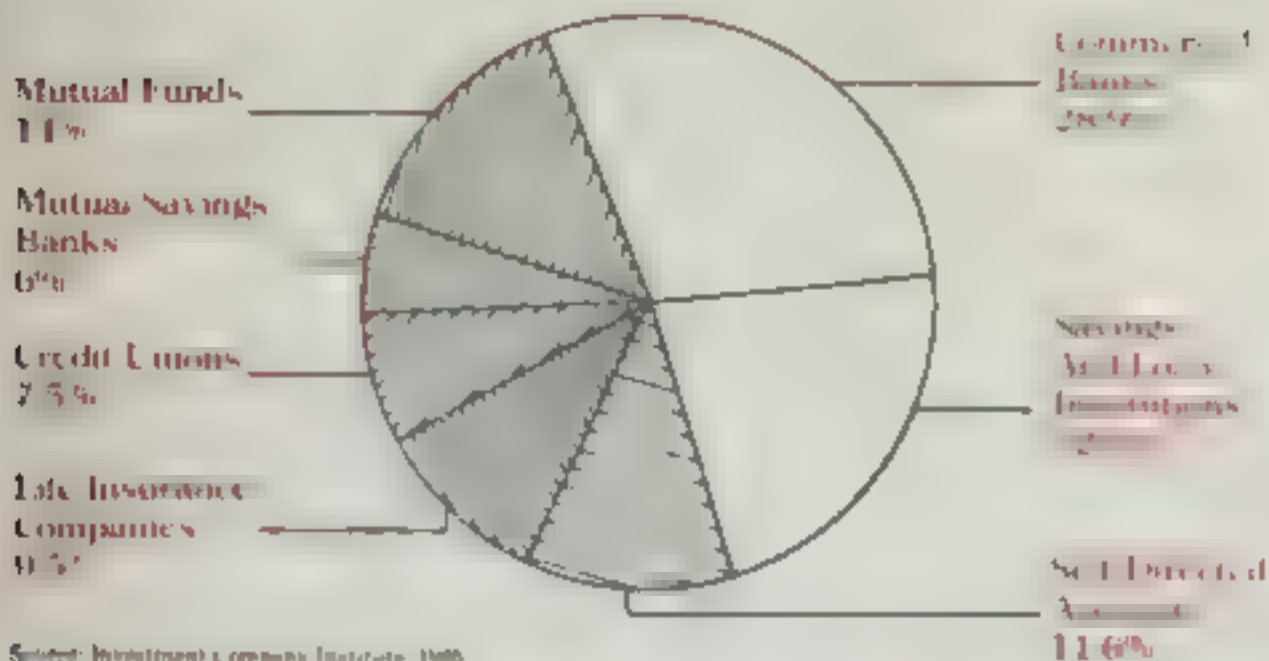
Look at age 65 — Individual A, who only deposited \$2,000, has accumulated nearly as much money as Individual B who deposited \$24,000.

Age	Example A		Example B	
	Payment	Accumulation End of Year	Payment	Accumulation End of Year
27	\$2,000	\$2,000		0
28	2,000	4,748	0	0
29	2,000	5,312	0	0
30	2,000	5,952	0	0
31	2,000	6,680	0	0
32	2,000	7,500	0	0
33	0	8,328	\$2,000	\$8,328
34	0	9,328	2,000	9,440
35	0	10,432	2,000	10,600
36	0	11,656	2,000	11,840
37	0	12,992	2,000	13,160
38	0	14,448	2,000	14,560
39	0	16,032	2,000	16,040
40	0	17,752	2,000	17,600
41	0	19,608	2,000	19,240
42	0	21,600	2,000	20,960
43	0	23,736	2,000	22,760
44	0	26,016	2,000	24,640
45	0	28,544	2,000	26,600
46	0	31,320	2,000	28,740
47	0	34,344	2,000	31,060
48	0	37,616	2,000	33,560
49	0	41,136	2,000	36,240
50	0	44,904	2,000	39,100
51	0	48,920	2,000	42,140
52	0	53,184	2,000	45,360
53	0	57,704	2,000	48,760
54	0	62,480	2,000	52,340
55	0	67,512	2,000	56,100
56	0	72,800	2,000	60,040
57	0	78,344	2,000	64,260
58	0	84,144	2,000	68,760
59	0	90,192	2,000	73,540
60	0	96,496	2,000	78,600
61	0	103,056	2,000	83,940
62	0	109,872	2,000	89,560
63	0	116,944	2,000	95,460
64	0	124,272	2,000	101,640
65	0	131,856	2,000	108,100

Statistics show that today more Americans are taking advantage of IRAs than ever before. Individual A has never. A person who starts the money in December 1984 has more than \$200,000 by age 65 — FANTASTIC!

Let's see where all that IRA money is located.

THE IRA "PIE"



Understand the potential of a self-directed IRA. You may not be aware of the fact that a self-directed IRA can hold a wide variety of assets, including real estate, private equity, and commodities. These IRA choices are hazardous to your wealth and can result in a loss of your IRA funds. **WARNING: These IRA choices are hazardous to your wealth.** A self-directed IRA is not a safe investment choice. It is a high-risk investment that can result in a loss of your IRA funds.

At the same time, a self-directed IRA can be a powerful tool for building wealth. It allows you to invest in a wide variety of assets, including real estate, private equity, and commodities. These investments can provide a high return on investment and can help you build a diversified portfolio. However, it is important to understand the risks involved in these investments and to consult with a professional advisor before making any decisions.

The self-directed IRA is a powerful tool for building wealth. It allows you to invest in a wide variety of assets, including real estate, private equity, and commodities. These investments can provide a high return on investment and can help you build a diversified portfolio. However, it is important to understand the risks involved in these investments and to consult with a professional advisor before making any decisions. **Middle America — A Mutual Fund**

"WARNING: THESE IRA CHOICES ARE HAZARDOUS TO YOUR WEALTH!"

HOW TO GET A FAST START* ON YOUR IRA

Example A

Example B

Age	Contributions Made January 1st	Accumulation End of Year	Contributions Made April 5	Accumulation End of Year
30	2,000	2,400		0
31	2,000	4,800	1,000	2,100
32	2,000	7,200	2,000	4,200
33	2,000	9,600	3,000	6,300
34	2,000	12,000	4,000	8,400
35	2,000	14,400	5,000	10,500
36	2,000	16,800	6,000	12,600
37	2,000	19,200	7,000	14,700
38	2,000	21,600	8,000	16,800
39	2,000	24,000	9,000	18,900
40	2,000	26,400	10,000	21,000
41	2,000	28,800	11,000	23,100
42	2,000	31,200	12,000	25,200
43	2,000	33,600	13,000	27,300
44	2,000	36,000	14,000	29,400
45	2,000	38,400	15,000	31,500
46	2,000	40,800	16,000	33,600
47	2,000	43,200	17,000	35,700
48	2,000	45,600	18,000	37,800
49	2,000	48,000	19,000	39,900
50	2,000	50,400	20,000	42,000
51	2,000	52,800	21,000	44,100
52	2,000	55,200	22,000	46,200
53	2,000	57,600	23,000	48,300
54	2,000	60,000	24,000	50,400
55	2,000	62,400	25,000	52,500
56	2,000	64,800	26,000	54,600
57	2,000	67,200	27,000	56,700
58	2,000	69,600	28,000	58,800
59	2,000	72,000	29,000	60,900
60	2,000	74,400	30,000	63,000
61	2,000	76,800	31,000	65,100
62	2,000	79,200	32,000	67,200
63	2,000	81,600	33,000	69,300
64	2,000	84,000	34,000	71,400
65	2,000	86,400	35,000	73,500
66	2,000	88,800	36,000	75,600
67	2,000	91,200	37,000	77,700
68	2,000	93,600	38,000	79,800
69	2,000	96,000	39,000	81,900
70	2,000	98,400	40,000	84,000
71	2,000	100,800	41,000	86,100
72	2,000	103,200	42,000	88,200
73	2,000	105,600	43,000	90,300
74	2,000	108,000	44,000	92,400
75	2,000	110,400	45,000	94,500
76	2,000	112,800	46,000	96,600
77	2,000	115,200	47,000	98,700
78	2,000	117,600	48,000	100,800
79	2,000	120,000	49,000	102,900
80	2,000	122,400	50,000	105,000
81	2,000	124,800	51,000	107,100
82	2,000	127,200	52,000	109,200
83	2,000	129,600	53,000	111,300
84	2,000	132,000	54,000	113,400
85	2,000	134,400	55,000	115,500
86	2,000	136,800	56,000	117,600
87	2,000	139,200	57,000	119,700
88	2,000	141,600	58,000	121,800
89	2,000	144,000	59,000	123,900
90	2,000	146,400	60,000	126,000
91	2,000	148,800	61,000	128,100
92	2,000	151,200	62,000	130,200
93	2,000	153,600	63,000	132,300
94	2,000	156,000	64,000	134,400
95	2,000	158,400	65,000	136,500
96	2,000	160,800	66,000	138,600
97	2,000	163,200	67,000	140,700
98	2,000	165,600	68,000	142,800
99	2,000	168,000	69,000	144,900
100	2,000	170,400	70,000	147,000
101	2,000	172,800	71,000	149,100
102	2,000	175,200	72,000	151,200
103	2,000	177,600	73,000	153,300
104	2,000	180,000	74,000	155,400
105	2,000	182,400	75,000	157,500
106	2,000	184,800	76,000	159,600
107	2,000	187,200	77,000	161,700
108	2,000	189,600	78,000	163,800
109	2,000	192,000	79,000	165,900
110	2,000	194,400	80,000	168,000
111	2,000	196,800	81,000	170,100
112	2,000	199,200	82,000	172,200
113	2,000	201,600	83,000	174,300
114	2,000	204,000	84,000	176,400
115	2,000	206,400	85,000	178,500
116	2,000	208,800	86,000	180,600
117	2,000	211,200	87,000	182,700
118	2,000	213,600	88,000	184,800
119	2,000	216,000	89,000	186,900
120	2,000	218,400	90,000	189,000
121	2,000	220,800	91,000	191,100
122	2,000	223,200	92,000	193,200
123	2,000	225,600	93,000	195,300
124	2,000	228,000	94,000	197,400
125	2,000	230,400	95,000	199,500
126	2,000	232,800	96,000	201,600
127	2,000	235,200	97,000	203,700
128	2,000	237,600	98,000	205,800
129	2,000	240,000	99,000	207,900
130	2,000	242,400	100,000	210,000
131	2,000	244,800	101,000	212,100
132	2,000	247,200	102,000	214,200
133	2,000	249,600	103,000	216,300
134	2,000	252,000	104,000	218,400
135	2,000	254,400	105,000	220,500
136	2,000	256,800	106,000	222,600
137	2,000	259,200	107,000	224,700
138	2,000	261,600	108,000	226,800
139	2,000	264,000	109,000	228,900
140	2,000	266,400	110,000	231,000
141	2,000	268,800	111,000	233,100
142	2,000	271,200	112,000	235,200
143	2,000	273,600	113,000	237,300
144	2,000	276,000	114,000	239,400
145	2,000	278,400	115,000	241,500
146	2,000	280,800	116,000	243,600
147	2,000	283,200	117,000	245,700
148	2,000	285,600	118,000	247,800
149	2,000	288,000	119,000	249,900
150	2,000	290,400	120,000	252,000
151	2,000	292,800	121,000	254,100
152	2,000	295,200	122,000	256,200
153	2,000	297,600	123,000	258,300
154	2,000	300,000	124,000	260,400
155	2,000	302,400	125,000	262,500
156	2,000	304,800	126,000	264,600
157	2,000	307,200	127,000	266,700
158	2,000	309,600	128,000	268,800
159	2,000	312,000	129,000	270,900
160	2,000	314,400	130,000	273,000
161	2,000	316,800	131,000	275,100
162	2,000	319,200	132,000	277,200
163	2,000	321,600	133,000	279,300
164	2,000	324,000	134,000	281,400
165	2,000	326,400	135,000	283,500
166	2,000	328,800	136,000	285,600
167	2,000	331,200	137,000	287,700
168	2,000	333,600	138,000	289,800
169	2,000	336,000	139,000	291,900
170	2,000	338,400	140,000	294,000
171	2,000	340,800	141,000	296,100
172	2,000	343,200	142,000	298,200
173	2,000	345,600	143,000	300,300
174	2,000	348,000	144,000	302,400
175	2,000	350,400	145,000	304,500
176	2,000	352,800	146,000	306,600
177	2,000	355,200	147,000	308,700
178	2,000	357,600	148,000	310,800
179	2,000	360,000	149,000	312,900
180	2,000	362,400	150,000	315,000
181	2,000	364,800	151,000	317,100
182	2,000	367,200	152,000	319,200
183	2,000	369,600	153,000	321,300
184	2,000	372,000	154,000	323,400
185	2,000	374,400	155,000	325,500
186	2,000	376,800	156,000	327,600
187	2,000	379,200	157,000	329,700
188	2,000	381,600	158,000	331,800
189	2,000	384,000	159,000	333,900
190	2,000	386,400	160,000	336,000
191	2,000	388,800	161,000	338,100
192	2,000	391,200	162,000	340,200
193	2,000	393,600	163,000	342,300
194	2,000	396,000	164,000	344,400
195	2,000	398,400	165,000	346,500
196	2,000	400,800	166,000	348,600
197	2,000	403,200	167,000	350,700
198	2,000	405,600	168,000	352,800
199	2,000	408,000	169,000	354,900
200	2,000	410,400	170,000	357,000
201	2,000	412,800	171,000	359,100
202	2,000	415,200	172,000	361,200
203	2,000	417,600	173,000	363,300
204	2,000	420,000	174,000	365,400
205	2,000	422,400	175,000	367,500
206	2,000	424,800	176,000	369,600
207	2,000	427,200	177,000	371,700
208	2,000	429,600	178,000	373,800
209	2,000	432,000	179,000	375,900
210	2,000	434,400	180,000	378,000
211	2,000	436,800	181,000	380,100
212	2,000	439,200	182,000	382,200
213	2,000	441,600	183,000	384,300
214	2,000	444,000	184,000	386,400
215	2,000	446,400	185,000	388,500
216	2,000	448,800	186,000	390,600
217	2,000	451,200	187,000	392,700
218	2,000	453,600	188,000	394,800
219	2,000	456,000	189,000	396,900
220	2,000	458,400	190,000	399,000
221	2,000	460,800	191,000	401,100
222	2,000	463,200	192,000	403,200
223	2,000	465,600	193,000	405,300
224	2,000	468,000	194,000	407,400
225	2,000	470,400	195,000	409,500
226	2,000	472,800	196,000	411,600
227	2,000	475,200	197,000	413,700
228	2,000	477,600	198,000	415,800
229	2,000	480,000	199,000	417,900
230	2,000	482,400	200,000	420,000
231	2,000	484,800	201,000	422,100
232	2,000	487,200	202,000	424,200
233	2,000	489,600	203,000	426,300
234	2,000	492,000	204,000	428,400
235	2,000	494,400	205,000	430,500
236	2,000	496,800	206,000	432,600
237	2,000	499,200	207,000	434,700
238	2,000	501,600	208,000	436,800
239	2,000	504,000	209,000	438,900

BYPASS THE MIDDLEMAN

PRINCIPLE #7

Problem: *Most people loan their money to a middleman who invests the money and takes much of the profit*

Solution: *Eliminate the middleman and invest your money the same as the middleman does but gain the profit for yourself*

Many people have failed financially because they didn't understand the basic concept of "bypassing the middleman." Here's how it works. Suppose you invest money at your local bank in the form of a savings account. You deposit the money in the bank and in return receive 5 1/2 - 6% interest.

Most people believe that this is a very safe investment. But here's what happens. After you invest your money in the bank, the bank in turn loans that money out & invests it directly into the American economy. The bank receives high rates of interest on its investment and is happy to pay you a low 5 1/2 % for the use of your money.

BECOME AN OWNER, NOT A LOANER

As a general rule — stay clear of banks, savings and loans, credit unions and insurance companies when saving money is concerned.

You see, what you really have is a "loaning" account rather than a savings account. You are lending money to the bank and they are making a hefty profit off your money.

You have no choice but to reverse the situation if you want to make your money work for you. You must become an owner, not a loaner. You must learn to "Bypass the Middleman."

Guaranteed Loss?

Even though you may feel uncomfortable with the fact that investments in banks and savings and loans are "guaranteed" against loss by the FDIC, what you are purchasing with that kind of "guarantee" is something you hadn't wanted in — at no extra cost — A GUARANTEED LOSS!



Your Investment Dollars

The middleman averages 12 to 15% profit after paying interest

Are you earning a guaranteed loss?

Think about it:

You earn interest for the year	\$600
But you pay taxes on that interest (30%)	+ 180
So your net earnings are	\$420
But say inflation is 5%	- 500
LOOK AGAIN: You have "earned" a loss in purchasing power of \$80!	\$

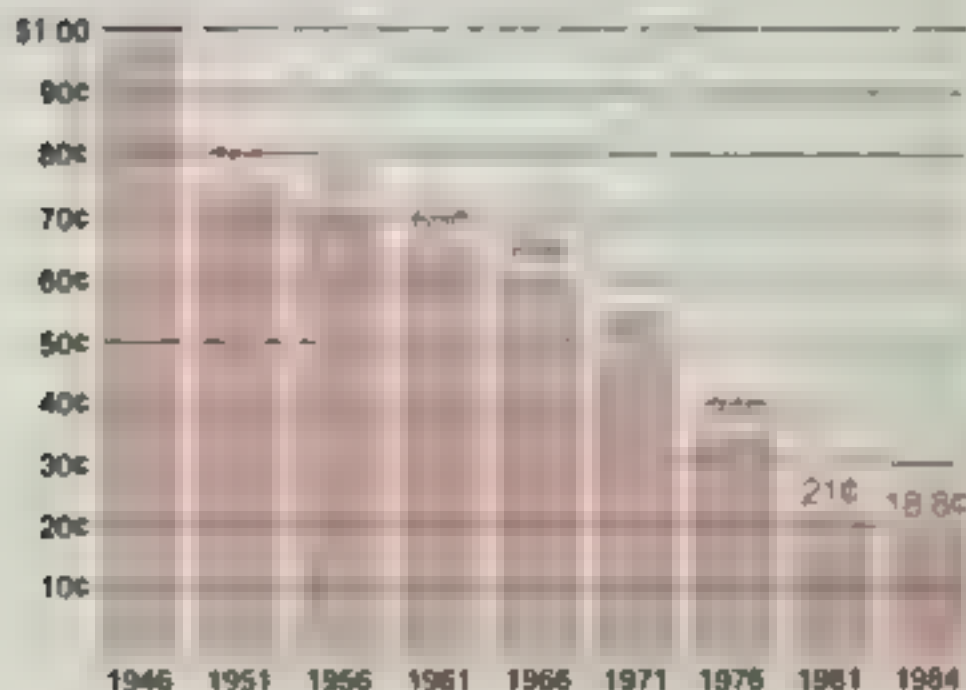
When the interest you earn is less than the ending inflation, you are losing purchasing power because the interest rate you are receiving can't keep up with taxes and inflation.

The "Bite" of Inflation

We all feel the bite of inflation. It's another way that we lose the purchasing power of our dollars. Some days it seems like the more I earn each year, the more my dollar gets "eaten up." But inflation has taken its toll.

The charts below show the steady decline of the value of your dollar in recent decades.

The Decline of the Dollar*



*Source: U.S. Department of Labor

When you invest in property, the longer the money stays in the market, the more it will grow. And the more it grows, the more you can afford to pay for the property. And the more you can afford to pay, the more you can invest in other properties. And so it goes.

		Today	% Increase
Automobiles	\$2,210 (1950)	\$ 9,663	337%
College education per year	\$ 845 (1940)	\$ 3,156	271%
New house	\$129 (1940)	\$4,410	85%

As you can see, the value of property has increased tremendously since 1940. And the more you invest in property, the more you can afford to pay for the property. And the more you can afford to pay, the more you can invest in other properties. And so it goes.

Home Mortgages

Let's go back to the question of how to get the most out of your money. We've seen that the more you invest in property, the more you can afford to pay for the property. And the more you can afford to pay, the more you can invest in other properties. And so it goes.

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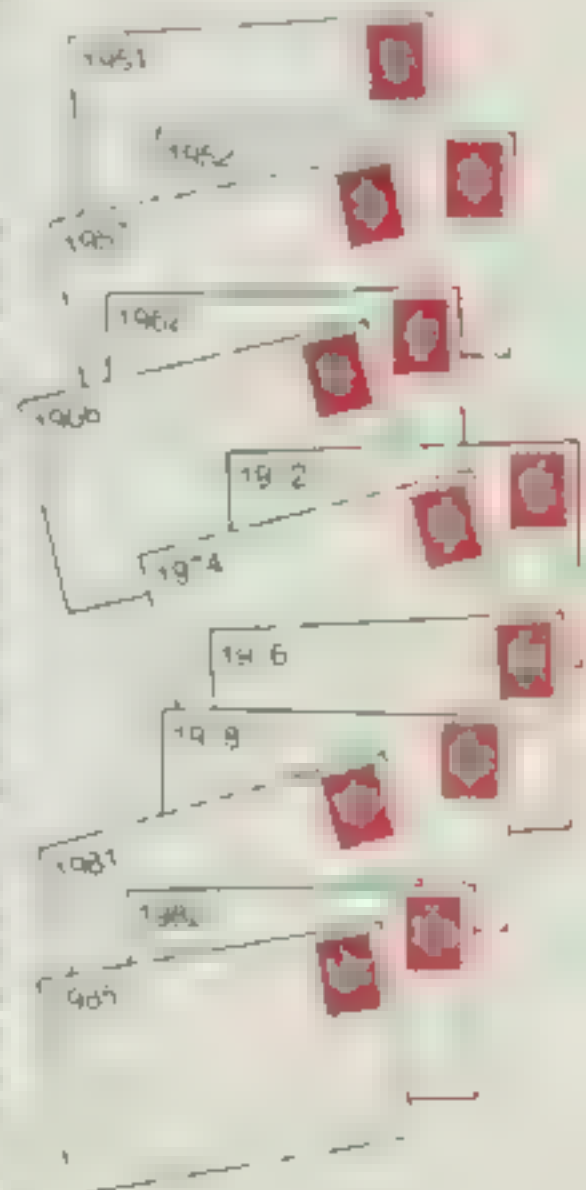
It's a concept you should look into. You will like it — the banks will not."

You can't afford a loss.

In checking these things, be generous. Be a little more than you possibly should be. And you'll be

The declining power of the dollar means you pay more

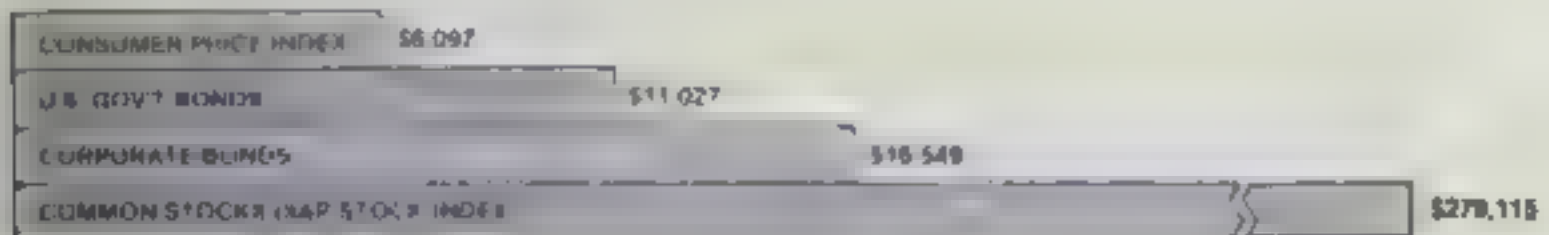
Look at the rise of the penny postcard since 1951



invested in the S&P 500 Composite Index have performed better than the "average" investments shown during the period from 1926 through 1985.

INVESTMENT RESULTS 60 Years (1926-1985)

\$1,000 Invested Annual Compounding



Source: Investment Company Institute
 "Investment Company Institute,"
 1986, p. 10.

TEST YOUR INVESTMENT IQ

Think you know the stock market? Test your knowledge by answering the following questions. The questions are based on the information presented in this chapter. Pick a new investment strategy to try.

Instructions as to how your investments must be made:

Rules of the game

1. You must invest at least \$1,000.
2. You must invest in at least three different stocks.
3. You must invest in at least one bond.

WHICH THREE STOCKS WOULD YOU SELECT?

Fill in the names of the three stocks you chose. Then see your results.

<input type="checkbox"/> Alcoa Corp.	\$10,000	<input type="checkbox"/> Hershey	\$10,000
<input type="checkbox"/> Aluminum Company of America	10,000	<input type="checkbox"/> Navistar International	10,000
<input type="checkbox"/> American Brands	10,000	<input type="checkbox"/> International Nickel	10,000
<input type="checkbox"/> American Can	10,000	<input type="checkbox"/> International Paper	10,000
<input type="checkbox"/> American Telephone & Telegraph	10,000	<input type="checkbox"/> International Telephone & Telegraph	10,000
<input type="checkbox"/> Bethlehem Steel	10,000	<input type="checkbox"/> Nabisco	10,000
<input type="checkbox"/> Chrysler Corp.	10,000	<input type="checkbox"/> Procter & Gamble	10,000
<input type="checkbox"/> Coca-Cola	10,000	<input type="checkbox"/> RCA	10,000
<input type="checkbox"/> Dart & Kraft	10,000	<input type="checkbox"/> Sears & Roebuck	10,000
<input type="checkbox"/> Dupont	10,000	<input type="checkbox"/> Singer Manufacturing	10,000
<input type="checkbox"/> E. I. du Pont de Nemours & Co.	10,000	<input type="checkbox"/> Standard Oil of California	10,000
<input type="checkbox"/> Esso	10,000	<input type="checkbox"/> Texaco	10,000
<input type="checkbox"/> Exxon	10,000	<input type="checkbox"/> Union Carbide	10,000
<input type="checkbox"/> Firestone	10,000	<input type="checkbox"/> United Technologies	10,000
<input type="checkbox"/> General Electric	10,000	<input type="checkbox"/> U.S. Steel	10,000
<input type="checkbox"/> General Foods	10,000	<input type="checkbox"/> Westinghouse	10,000
<input type="checkbox"/> General Motors	10,000	<input type="checkbox"/> Woodward	10,000
<input type="checkbox"/> Goodyear Tire & Rubber	10,000	<input type="checkbox"/> American International Finance	10,000

HOW WELL DID YOU DO?

Fill in the names of the three stocks you chose. Then see your results. How did you do? Were you among the top performers?

INITIAL \$10,000 INVESTMENT JANUARY 1, 1976

Stocks	Value of Investment Dec. 31, 1985		Stocks	Value of Investment Dec. 31, 1985	
Westinghouse	\$68,032	+580.3%	Aluminum Company of America	19,743	+9.4%
Hershey	44,204	447.1	Esmark	19,419	94.2
Singer Manufacturing	44,472	344.7	International Telephone & Telegraph	16,701	67.0
General Foods	43,248	332.5	Dupont	16,088	60.4
Chrysler Corp.	41,441	314	Procter & Gamble	15,596	55.0
RLA	37,330	273.4	Goodyear Tire & Rubber	12,395	30.0
Woolworth	37,169	271.7	Lexan	12,585	25.7
American Brands	37,000	270.1	Sears & Roebuck	12,087	20.7
United Technologies	36,319	266.2	General Motors	12,047	20.5
General Electric	35,210	252.1	Union Carbide	11,624	16.2
American Telephone & Telegraph	18,000	11.8	Firestone	10,729	7.3
Dart & Kraft	40,000	20.4	International Paper	8,712	17.9
Standard Oil of California	25,451	15.4	Eastman Kodak	7,198	28.6
Exxon	24,376	144.8	U.S. Steel	6,049	-39.5
Nations	22,597	126.0	International Nickel	5,222	47.8
Abed Corp.	20,000	10.0	Bethlehem Steel	4,064	-55.4
American Can	20,000	10.0	Navistar International ^{**}	3,675	-63.3
Coca Cola	19,930	99.3			

**Formerly International Harvester

All transaction costs have been deducted, and no adjustment has been made to the figures for inflation.

That was the answer as I was when asked to pick one out of the top three stocks let alone all three!"

Picking the top stocks would have provided quite a tidy sum \$166,713. On the other hand, pick what you call the bottom three performers — \$13,561.

If you picked the top three
you'd have \$166,713¹
But...if you picked the
bottom three, you'd have
\$13,561.

\$30,000 Invested

Top 3	Bottom 3
\$166,713	\$13,561

However, when you redeem only a part of your holding in a mutual fund a redemption (for example, you may reduce the number of shares you own by a certain percentage) in the fund's entire portfolio.

7. Systematic Income

When you get ready to retire and don't want to draw on your mutual fund, a withdrawal plan permits you to receive a systematic income check from the fund.

8. Exchange Privilege

Most mutual funds offer an exchange privilege whereby you can convert your investments whenever you wish into exchange shares of one fund for shares of another within the same fund company for a nominal fee. For example, as you get nearer to retirement you can exchange shares in a growth fund for shares of a fund that will generate income for you in the form of monthly payments of interest or dividends. Exchanging mutual fund shares normally is a free transaction, but not if the mutual fund is an IIA.

9. Investment of Fixed Sums in Full and Fractional Shares

Normally you could not buy fractions of a share in a corporation's stock. However, with a mutual fund you can purchase full and fractional shares.

10. Performance Results

These are among the advantages of investing in new vehicles.

Before going further, let's take a look at what the average growth of mutual fund funds has done for your money. The average growth of a mutual fund whose primary investment objective is long-term growth of capital (domestic or international) works with a track record of 10 years. Again, to emphasize, the two results are what happened in the past and are no guarantee of what will happen in the future.

Many times when discussing mutual funds people ask, "How do they compare to other investments?" The following chart graphically illustrates the difference.

For example, to make things easier with comparison over the period covered, your \$10,000 investment would have had a return of \$1,000. As you can see, the performance of the Long Average annual returns in a market of average returns and high annual & periodic stock prices. One paper is worth a thousand words.

Compare your investment
\$10,000 long-term invested for a
10-year period

COMPARE A MUTUAL FUND*



*As of December 31, 1984

Professional management can make a difference

Professional management can make a difference. The Johnson Growth Fund Average, which is a measure of the fund's performance, shows that the fund has outperformed the Standard & Poor's 500 Stock Index and the 10% Fixed Income rate. This is a testament to the fund's professional management and its ability to invest in a diversified portfolio of growth-oriented securities. The fund's performance is also a reflection of the fund's long-term investment strategy, which is designed to provide capital appreciation over time. The fund's professional management team, which includes some of the best investment minds in the industry, has been able to identify and capitalize on market opportunities, resulting in the fund's strong performance. This is a clear example of how professional management can make a difference in the success of an investment.

To see how a mutual fund would have worked if you ask a Registered Representative to report for your Health Insurance Plan Accumulator Plan and you wish a Systematic Withdrawal Plan. This service is provided upon request.

Take advantage of mutual fund tax benefits.

In Principle Number 6 we discussed the importance of minimizing taxes by using an Individual Retirement Account. What about savings that are not in such a tax qualified plan?

When you invest in a mutual fund, you are investing in a diversified portfolio of securities. The fund's professional management team, which includes some of the best investment minds in the industry, has been able to identify and capitalize on market opportunities, resulting in the fund's strong performance. This is a clear example of how professional management can make a difference in the success of an investment. The fund's performance is also a reflection of the fund's long-term investment strategy, which is designed to provide capital appreciation over time. The fund's professional management team, which includes some of the best investment minds in the industry, has been able to identify and capitalize on market opportunities, resulting in the fund's strong performance. This is a clear example of how professional management can make a difference in the success of an investment.

Finally, mutual funds in general have performed well over the last decade. According to the Investment Company Institute, the average long-term growth mutual fund appreciated 125% for the 10-year period ending December 1984. This is not to say that mutual funds will do as well in the future—remember there are no guarantees. So let me say I am glad I had a portion of my investment dollars in mutual funds during that period.

Obviously others agree. A 1997 study by the Investment Company Institute in Washington, D.C., reports that Americans own a stock bond and mutual funds valued \$1.4 trillion, exceeding the value of securities held by the government. The average combined value is greater than the combined total value of the previous 10 years.

The number of other persons who have been convicted of the same offense as the defendant is also a factor in determining the sentence. The court may also consider the defendant's previous criminal record, the nature and circumstances of the offense, and the defendant's attitude towards the crime.

[illegible][illegible]

or latitude

The record speaks for itself

Don't let your boss
control you. Control him.

real estate today. Most people are heavily in debt because their desires are stronger than their will to win.

can you live with being average and ordinary. If not, you will be successful!

EXCUSES ARE THE EASY WAY OUT.

Everyone has a convenient excuse but — at — I don't have any money — don't have time — I don't tomorrow — People like me don't have a chance — " I can't change after all these years "

Excuses don't count. Every one has to answer the question: how much more can I take? I've been one of the best managers in town and now I'm back to back with a new company. I'm independent. You can do it.

**YOU MUST DEVELOP A
WINNING ATTITUDE IN ALL AREAS.**

elated that he is someone more deserving success. I
 people. They adjust to a winning attitude. They have the ability
 to say, "I just can't see it going forward, it's what I happen
 along the way. The greatest disappointment I've ever seen
 was like this.

There is a common denominator for the success.

Most people can stay motivated for two or three months.
A few people can stay motivated for two or three years.
But a winner will stay motivated for as long as it takes to win.

[illegible]

Step 2: YOU MUST HAVE A SPECIFIC GOAL

YOU MUST HAVE A SPECIFIC TIME TO ACHIEVE YOUR GOAL

YOU MUST WRITE IT DOWN

YOU MUST DEVELOP A PLAN TO ACHIEVE YOUR GOAL

My plan is to achieve my goal by the end of the year. I will work on this goal every day and make sure I am on track. I will also make sure I am not procrastinating and that I am taking action every day.

I will start by setting a goal of \$200,000 a year. I will then break this down into smaller goals, such as \$16,667 a month. I will then set a plan to achieve this goal by the end of the year. I will also make sure I am not procrastinating and that I am taking action every day.

YOU MUST DECIDE WHAT KIND OF PRICE YOU ARE WILLING TO PAY

There is no free lunch.

YOU MUST THINK ABOUT REACHING YOUR GOAL EVERY DAY

Every day I will think about reaching my goal.

Are you willing to pay the price?

Remember, the only way to achieve your goal is to take action every day. You will not reach your goal if you are not taking action every day. You will help you reach your goals.

BECOME A DREAMER AGAIN

"It would not hurt to have a winning attitude: how can you develop it? If you want to be A WINNER, you've got to become a **LIKE A LION** again. Most people in America have stopped dreaming. They grow up with the excitement, then how soon they are 'laid' and ready to settle for a job — a job which is not of somebody that they can be proud of. Then they are bitter when the big bad world starts to take care of them. I have seen a lot of people taking advantage of help. These men are fast asleep, going to a sleep, we hope, — we go on and on and this life has passed me by — life has dealt me a bad hand."

It was a life I once thought must have come a lot later again. You must be excited, confident and turned on about life.

I mean every day or years and how great a difference he
 financially independent. Those demands that are going with times
 were tough but you know what I found out. Being financially
 independent was I did. I mean I was a K. I mean I would be
 better off even with a greater & being financially free. I mean
 he is here but I don't know as he will be. I mean I am financially
 independent. I have not had a big price but who does not look back
 and say I was worth it. I have now now. I would be I
 would be. I have now a big price. I have now a big price.

'One of the things I love about the United States and the free enterprise system is that you can become what you dream about. You say, "I'm a doctor," but you can't and your family if you want to badly enough.'

There is nothing either sex, nothing being, nothing coming at a time may be the just reward, though you are a sharp ear. In the long run, you will find that the good is not the best, but the worst can be accomplished.

Are you

financially free or always worried about money?

Y. G. Zhuravskiy, *Head of the Department of Mathematics, Moscow State University, Moscow, U.S.S.R.*

become totally financially independent

Today's **new**

You can become what you dream about

GOOD LUCK!



**“MANY RECEIVE ADVICE;
ONLY THE WISE PROFIT BY IT.”**

— SYRUS

Source of information	Time	Cost	Value
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4/11/11

Endnotes

2 U.S. Census Bureau, 1980 Census of Population and Housing, Washington, DC.

3 U.S. Census Bureau, 1980 Census of Population and Housing, Washington, DC.

4 Ibid.

1980, p. 1.

5 Investment Company Institute Research Department, December 1980.

6 Federal Trade Commission, FTC News, Washington, DC, July 9, 1980, p. 1.

Production, Washington, DC, 1979, pp. 1-19.

7 U.S. Treasury Department, November 1980.

8 A.M. Best Company, Best's Mutual Company (Fairfax, VA), 1981, pp. 194-196.

9 Marketing Facts, Inc., Chicago, IL, September 1980, survey.

and that should help to indicate where to invest.

are based on price-weighted averages.

10 Investment Company Institute, Washington, D.C., May 1980.

11 Ibid.

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PERSONAL BALANCE SHEET

What You Own

CASH

In checking and savings accounts
 In money market funds
 In certificates of deposit
 In other financial institutions
 In other forms of cash

SECURITIES

In mutual funds
 In individual stocks
 In bonds
 In other securities

REAL ESTATE

Home
 Rental property
 Other real estate

LONG-TERM ASSETS

In pension plans
 In profit-sharing plans
 In 401(k) plans
 In other long-term assets

PERSONAL PROPERTY

Automobiles
 Clothing and jewelry
 Collectibles (art, gems, etc.)
 Other personal property

TOTAL

What You Owe

BILLS

Payable to utility companies
 Payable to credit card companies
 Payable to other creditors
 Payable to other parties

MORTGAGES

On home
 On other real estate
 On other property

LOANS

On credit cards
 On other lines of credit
 On other loans

TAXES

Payable to IRS
 Payable to state tax authorities
 Payable to local tax authorities
 Payable to other tax authorities

OTHER DEBTS

Payable to other parties
 Payable to other creditors
 Payable to other entities

TOTAL

What You Own Minus What You Owe Equals Your Net Worth.

FINANCIAL WORKSHEET

INCOME:

Salary	\$
Bonuses	
Interest income	
Dividends	
Rental or property income	
Social security	
Pension income	
Alimony and/or child support	
Other income	

TOTAL INCOME:

FIXED EXPENSES:

House payment/rent	\$
Utilities	
Water	
Automobile loan	
Other loans	
Property taxes	
Phone bill	
Life insurance premium	
Health insurance premium	
Other insurance	
Other fixed expenses	

TOTAL FIXED EXPENSES:

VARIABLE EXPENSES:

Food	\$
Clothing	
Home furnishings	
Home repairs	
Major appliance purchases	
Transportation gas	
Savings	
Investments	
Child care	
Domestic help	
Cleaning/laundry	
Medical costs	
Entertainment	
Recreation (vacation, etc.)	
Gifts and charitable contributions	
Emergency expenses	
Other	

TOTAL VARIABLE EXPENSES:

TOTAL EXPENSES:

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Arthur L. Williams, Jr.
Chairman of the Board
Chief Executive Officer
The A.L. Williams Corporation

ABOUT THE AUTHOR

Arthur L. Williams, Jr., came into the financial planning arena through the back door. He didn't study finance in school. He didn't inherit a relative's business. He was introduced to the fundamentals of financial planning in the midst of a successful career as a football coach in Columbus, Georgia. A friend exposed him to the philosophy of "buy term and invest the difference." From this first exposure, Williams entered the financial world in the only way he knew — he began working part time in the insurance and securities field. He studied, he read and he talked to everyone he met who might have any knowledge and expertise in insurance and related financial topics.

Most significantly, he followed the concepts he learned. He saved money, he invested where he could with his available funds, he took part-time jobs to earn more. Eventually, he achieved his own personal goal: he started his own company. The formulas he learned for "taking charge" of his own financial future worked. In his own business, Williams continued to use the sound financial principles he had applied to his personal life in the operation of his business.

Today, Arthur L. Williams, Jr. is a multi-millionaire. His company A.L. Williams & Associates, Inc., has come from modest beginnings in 1977 to a company with a sales force which has sold billions of dollars in business. The A.L. Williams sales force is one of the fastest-growing marketing organizations in America today, doing business in 49 states, District of Columbia, Canada, Puerto Rico and Guam.

The most amazing thing that Williams discovered on his personal path to financial success was that the key elements for building financial independence are astonishingly simple. It's not a matter of complicated maneuvering and doesn't involve huge sums of capital.

The principles in *Common Sense* are simple. Anyone can follow them easily, regardless of age, income level or past financial experience.

Williams learned about financial management, both individual and corporate, the hard way — by trial and error. Many would say that's the best way. His goal in *Common Sense* is to share these principles in the hope of helping others to achieve the freedom of financial independence.

Art Williams doesn't consider himself a financial "expert." He is, in his own words, "someone who made it," someone who wants to share with you what he learned along the way.

Common Sense offers a solid, down-to-earth plan for building a strong financial foundation. But it also offers that important ingredient, HOPE — hope that the average person can reach his or her financial goals. Once you've read *Common Sense*, there's no excuse for not achieving financial independence. Or, as Art Williams likes to call it, FINANCIAL FREEDOM.

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